

February 27, 2009

Board of Directors

**Iowa Comprehensive Petroleum
UST Fund Board**



IOWA UNDERGROUND STORAGE TANK

Financial Responsibility Program

Susan E. Voss, *Chairperson*

Scott M. Scheidel, *Administrator*

Board Members: Michael L. Fitzgerald Jeff W. Robinson Jacqueline A. Johnson James M. Holcomb
Richard A. Leopold Nancy A. Lincoln Douglas M. Beech

NOTICE OF PUBLIC MEETING

A public meeting of the Iowa Comprehensive Petroleum Underground Storage Tank Fund Board has been scheduled for 10:00 a.m., Friday, February 27, 2009. **The meeting will be held at the Iowa Insurance Division located at 330 E Maple St, Des Moines, Iowa.**

The tentative agenda for the meeting is as follows:

10:00 a.m. Call to Order

1. Approval of Prior Board Minutes
2. Closed Session – Discussion of Pending and Imminent Litigation (To adjourn by 10:30 a.m.)
3. Public Comment Period
4. Board Issues
 - A. Legislative Issues
 - B. Bonding Options
 - C. Shared Liability Sites—Transfer Agreement Revision
 - D. DNR Update
5. Approval of Program Billings
6. Monthly Activity Report and Financials Reviewed
7. Attorney General's Report
8. Claim Payment Approval
9. Contracts Entered Into Since January 23, 2009 Board Meeting
10. Other Issues as Presented
11. Correspondence and Attachments

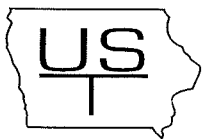
*March 27th
Next Board Meeting.*

REC'D FEB 23 2009

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2	Closed Session
3	Public Comment Period
4	Board Issues
5	Approval of Program Billings
6	Monthly Activity Report and Financials Reviewed
7	Attorney General's Report
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12	



Approval of Prior Board Minutes



IOWA UNDERGROUND STORAGE TANK FUND

Susan E. Voss, Chairperson

Scott M. Scheidel, Administrator

Board Members:

Michael L. Fitzgerald ❖ Jeff W. Robinson ❖ Jacqueline A. Johnson ❖ James M. Holcomb
Richard Leopold ❖ Nancy A. Lincoln ❖ Douglas M. Beech

MINUTES

IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND PROGRAM

January 23, 2009

COMMISSIONER'S CONFERENCE ROOM IOWA INSURANCE DIVISION, 330 EAST MAPLE STREET DES MOINES, IOWA

Angela Burke-Boston, sitting in for Chairperson Susan Voss, called the Iowa UST Board meeting to order at 10:02 A.M. A quorum was present. The following Board members were present:

Doug Beech
Kyle Rice (for Michael Fitzgerald)
Tim Hall (for Richard Leopold)
Jim Holcomb
Nancy Lincoln (via telephone)
Jeff Robinson

Also present were:

David Steward, Attorney General's Office
Scott Scheidel, Program Administrator
James Gastineau, Program Administrator's Office
Lacey Skalicky, Program Administrator's Office
Elaine Douskey, Iowa Department of Natural Resources
Brian Tormey, Iowa Department of Natural Resources

APPROVAL OF PRIOR BOARD MINUTES

The minutes from the December 11, 2008 Board meeting were reviewed. A revised first page was carried in to the meeting with corrections to the attendees list to include Nancy Lincoln and Susan Voss. Mr. Holcomb moved to approve the minutes with the revision, and Mr. Hall seconded the motion, and by a vote of 5-0, the minutes were approved.

CLOSED SESSION

Ms. Burke-Boston noted there were no matters dealing with litigation for discussion in closed session pursuant to Iowa Code Chapter 21. No closed session convened.

PUBLIC COMMENT

There was no public comment from anyone present.

BOARD ISSUES

A. Legislative Update

Mr. Scheidel presented the Board with a memo discussing the bills of interest at the State Capitol. He included a copy of the bill filed by the Department of Natural Resources (DNR), which proposed to eliminate the statutory receipt of tank tag fees to the Board. As the Board had in recent years entered into agreements with the DNR to provide varying amounts to DNR each fiscal year, the DNR had sought to receive and keep those fees directly, thus eliminating the Board's involvement. Mr. Scheidel noted the Board's previous comments, over the past year, with regard to the legislation, pointing out that the DNR and the Board had coordinated goals in connection with funding agreements, and when an agreement for fiscal year 2008 was not drafted until the fiscal year was almost over, no common goals were addressed that year. Mr. Scheidel stated that Board member comments of meetings past reflected a desire to continue the funding agreements to ensure that the Board and DNR would continue to jointly address common goals through milestones. He explained that the bill had become a study bill in committee, so the Board needed to take a position for him to register on that bill either in favor or not in favor, noting also that the regulated community was opposed to the bill based on the absence of milestones.

Mr. Scheidel suggested that the DNR's stated motivation for filing the bill was to establish a reliable budget each year with known funding amounts, to effect long-term planning of its programs. Mr. Beech stated that he was in favor of maintaining milestones within the agreements to ensure cooperation and goal-meeting, and he submitted a motion for Mr. Scheidel to register on the Board's behalf in opposition to the bill in committee. Ms. Lincoln seconded the motion.

Mr. Hall stated that Mr. Scheidel was correct that the DNR had the desire to establish consistent funding to assist with budgeting. Another issue, he noted, was that the Board in previous years had expressed interest in getting out of the underground storage tank (UST) business, because the Board's mission was more focused on the leaking underground storage tank (LUST) issues. Mr. Hall stated the money was generated from UST section fees. He explained that he agreed that it was important for the Board and the DNR to cooperate and meet regularly to discuss and work on complex issues. He felt there should be more compromise on both the funding side and the responsibility side. Mr. Beech pointed out some of the difficulties recently experienced in the absence of an agreement to make any headway on certain goals due to the fact that milestones were not set. He stated history had shown and that he felt the Board would not have assurances that its goals would be addressed without the incentive provided in a funding agreement, therefore Mr. Beech held firm his motion to oppose the bill.

Mr. Hall recalled the DNR's request for a long-term agreement for funding to allow the DNR to have some foresight for budgets. He stated that notion had not been accepted by the Board,

although he could not recall why. Mr. Scheidel replied that the DNR had proposed and drafted a multi-year agreement last year; however the draft language contained neither milestones nor framework for milestone development beyond the UST Fund's responsibility to provide funding. Mr. Scheidel expressed his hope that a longer term agreement could be entered into with DNR before the end of the legislative session, so that the DNR would not feel it necessary to pursue the legislation.

Ms. Burke-Boston called for a vote. The motion to register in opposition to the bill on the Board's behalf was approved by a vote of 4-0, with Mr. Hall abstaining from the vote.

Next, Mr. Scheidel apprised the Board of the recent recommendation from the Governor to divert money from the UST Fund to the General Fund for the current fiscal year. He expected the amount to be between \$5-7 million. He also explained that the Governor had discussed the option for the State to bond. Mr. Scheidel noted the Board, as well, could exercise a bond option to provide proceeds to cover the Board's current long-term liabilities. The proceeds from bonding had historically not been diverted by the Legislature as it could have an adverse effect on the State's credit rating.

He explained that Mr. Rice had supplied the Board with a carry-in showing bond options. Mr. Rice explained that the rough estimates provided used the \$17 million annual allocation as a revenue source. He ran debt service costs of 90%, 80% and 50% of revenues assuming a date of issuance of July 1, 2009. He quoted the net proceeds from bonding at each level for three payoff dates including 2016, 2018, and 2020. It was noted that the sunset date of the UST Fund revenues would have to be amended in statute beyond 2016, if a later date was selected. Mr. Scheidel explained that the bond proceeds would typically be held in a bonding fund, which was usually not diverted from by the Legislature. The interest earned over time and monies revenues remaining after meeting annual debt service would be held in a non-bonded fund, which would be more likely considered for diversion.

Mr. Hall inquired about the long-term need to cover planned expenses. Mr. Scheidel pointed to the current outstanding reserves on open claims which were between \$57-58 million. He noted that was exclusive of non-claim payment expenses, DNR assistance and administrative and legal fees, etc. Mr. Scheidel agreed that he could compile that additional data into the current cash flow projections. Mr. Scheidel also reminded Board members that the Board's bonding authority was set to expire 7/1/2009, therefore a bonding option, if chosen, would have to be implemented quickly. He stated he was seeking direction from the Board regarding whether or not to explore the bonding options. The consensus of the Board was to move forward with an analysis of the options so that the Board could make timely decisions. Mr. Scheidel stated he would communicate with the Board via e-mail about the expense projections vs. the potential bond proceeds.

B. Tier 2 Software Update

Mr. Scheidel next presented the Board with a memo discussing the recalibration of the Risk Based Corrective Action (RBCA) Tier II model. He stated that now the model has been recalibrated and an agreement between the DNR and the Board exists to move forward with site

assessment using the new model. Therefore, an update to the RBCA Tier II software was required. The model had been created by Dr. LaDon Jones, and DNR had requested the Board agree to pay for the software update to reflect the model changes.

Included was a memo from Elaine Douskey of DNR outlining two software update options suggested by Dr. Jones, and Mr. Scheidel and Ms. Douskey had previously agreed that having both options completed would be the best approach. Therefore, the projected cost of the update was \$6,000. Mr. Scheidel recommended the Board enter into a contract agreement with Dr. Jones to complete the updates as well as possible additional work that may be required after its release for use by groundwater professionals. He recommended a two-year agreement with Dr. Jones not to exceed \$10,000.

A motion to approve the recommendation to enter an agreement with Dr. Jones for a two-year term for no more than \$10,000 was submitted by Mr. Beech and seconded by Mr. Holcomb. Approved 5-0.

C. Shared Liability Sites – Transfer Agreement

Mr. Scheidel presented the Board with a memo discussing the ongoing situation of shared liability at LUST sites between the Board and Petroleum Marketers Management Insurance Company (PMMIC). He noted that the Board and PMMIC had previously entered into a loss portfolio transfer (LPT) of liabilities for a small group of UST Fund claim sites that also had a PMMIC claim associated with them for an agreed present value of projected expenditures. The LPT allowed the Board to close those claims and were released by its claimants. He explained that a second group of shared liability sites had accumulated. However, rather than waiting for the groups to accumulate and negotiate bulk transfers, the Board and its claimants could benefit from the opportunity to transfer sites as their shared liabilities are identified.

Mr. Scheidel included a draft of an agreement to allow for the transfer of liabilities from the Board to PMMIC on one LUST site at a time. He suggested that the Board consider maintaining its statutory liability of possible future tank pulls at sites transferred, as it would be difficult to calculate an accurate valuation of that liability on one claim at a time, given the fact that not all sites would exercise that benefit, and the Board would likely end up overpaying.

The Board discussed the language in the agreement with Mr. Scheidel and Mr. Steward. Mr. Scheidel reminded the Board that the tank pull statute was passed after the first LPT agreement was entered into, and those claimants released the board prior to having the ability to access those benefits. Mr. Beech stated he wanted the agreement to have finality of its liabilities once the transfer is signed and agreed by all including the claimant. He agreed the tank pull liability was not as much a concern as any future benefits offered by future legislation passed that could not be known or imagined currently. But also, he stated that any owner/operator could pull his own tanks when necessary, and the Board should not be hanging on those decisions if and when they occur. However, Mr. Scheidel said that claimants would balk at a transfer agreement knowing that potential benefit would be forfeited. Mr. Beech felt that was a claimant's decision to make, and Mr. Scheidel explained that the goal of the transfers was to eliminate redundant administrative costs and close out UST Fund liabilities one site at a time. He noted the tank pull

costs, if requested by transferred claimants, were finite and separate from the future remediation costs administered and reimbursed by PMMIC. Additionally, claims closed by the Board over time are still opened solely to pay tank pull costs that may be eligible and retaining that option in a settlement is no different.

Other Board members agreed that they wanted a transfer agreement to completely end the Board's liabilities at sites transferred, and the desire was to have language in the agreement to ensure that. Mr. Robinson offered that the Board should consider the fact that it might overpay on such transfers simply to reduce its claim count. And Mr. Beech stated that any reference to tank pull benefits maintained by the Board should be very specific in both the agreement between the Board and PMMIC, as well as, the release agreements between the Board and its claimants.

Mr. Norris inquired about future unknown benefits and how they would be handled by the Board on transferred sites, i.e. was the claim transferred and closed or the site or the claimant? Mr. Steward stated the intent was to transfer any and all liabilities known or unknown at the site. However, Mr. Scheidel explained that the transfer might be more claim-specific in nature. Mr. Steward offered that the Board would have to consider how they want the language in the agreement to transfer all potential liabilities or to transfer the known liabilities and to leave an option for claimants to open different types of claims in the future should the Board change its benefit availability.

Ms. Douskey inquired about the Board/DNR NFA agreement and the plume study agreement. Mr. Scheidel stated that the NFA agreement leaves the claimant out of the relationship, and therefore more emphasis on the NFA vs. new release assessment would be necessary. He explained that the plume study involved additional costs to the Board outside of claim reserves, and that agreement would be unaffected by who administered the claim. However, if the plume study revealed additional risk the cost impact would be felt by PMMIC, and therefore that consideration could be factored into the valuation of sites to be transferred if the potential exists at any given site. Mr. Steward agreed that contractual agreements between the Board and the DNR are outside of claim benefits.

Mr. Scheidel summarized that the draft would be modified and brought back next month for Board discussion.

D. DNR Update

Ms. Douskey provided the Board with a memo discussing the DNR activities over the past two years, including a summary of field office and central office meetings held. She highlighted the transition from DNR compliance inspections to third party compliance inspections, noting that the compliance rate dropped from 70% to 48%. She considered the compliance rate change a positive, showing the increased effectiveness of the new compliance inspections and the benefit of the field office staff availability to complete audits and follow-ups at sites.

Ms. Douskey reported that she'd contacted several interested parties with regard to the development of a technical advisory group to examine certain RBCA issues per the funding

agreement with the Board, and DNR was considering the inclusion of a meeting facilitator from outside the interest groups. Additionally, she stated that she would provide a memo from the plastic water line sub-group committee which met previously to review a compilation of research on plastic water lines and report on the results of their discussions and possible implications for use with the DNR program. Also, she explained that DNR staff had reviewed low risk sites to determine common trends and identify information that could be preventing those sites from moving toward closure. Some consideration of using actual plumes, instead of modeled plumes, in conjunction with an institutional control had been suggested to close out some low risk sites. However if the DNR decides to go against its rules in the future in some instances, staff will have to sort out the procedure for granting variances to rule or find a way to change the rule.

Other items discussed included a pending installer course by Rounds & Associates and Iowa Petroleum Equipment Contractors Association (IPECA) in February, and the National Tank Conference in March to be attended by one member of DNR staff. She mentioned that the annual tank conference and the annual administrators' conference were essentially combined. Mr. Tormey stated he would be meeting with the new Deputy Director of the DNR to update her regarding UST issues.

PROGRAM BILLINGS

Mr. Scheidel presented the current monthly billings to the Board for approval.

1. Aon Risk Services\$127,219.00
Consulting Services – January 2009 (\$70,639.00)
Claims Processing Services – January 2009 (\$56,580.00)
2. Aon Risk Services\$127,219.00
Consulting Services – February 2009 (\$70,639.00)
Claims Processing Services – February 2009 (\$56,580.00)
3. Attorney General's Office\$12,715.50
Services provided for December 2008
4. Iowa Department of Revenue\$1,541.55
Environmental Protection Charge collections
October – December 2008 (2nd Q of FY09)

On a motion by Mr. Holcomb and a second by Mr. Rice, all billings were approved by a vote of 5-0.

MONTHLY ACTIVITY REPORT

Mr. Scheidel noted that the December activity report, financials and opt-in report were provided for the Board members to review.

ATTORNEY GENERAL'S REPORT

Mr. Steward requested approval from the Board that the UST Fund reimburse the Attorney General's Office for expenses up to \$1,500 related to his travel and attendance at the National Tank Conference in Sacramento, CA in March. He noted he had already applied for pre-approval for reimbursement of these expenses from NEIWPC, as he has every year. Mr. Holcomb submitted a motion to approve Mr. Steward's request, and Mr. Hall seconded the motion to approve. Motion carried by a vote of 5-0.

CLAIM AUTHORITY

Mr. Gastineau presented the following claim authority requests:

1. Site Registration 8606249 – Country Stores of Carroll, Arcadia

This was the second Board report for a site that was previously classified high risk for the groundwater ingestion and soil leaching pathways for a private drinking water well, for the vapor pathways for residential sewers and basements, and low risk for the vapor pathways for potential enclosed space receptors. A tank pull in 2005 revealed higher levels of contamination than previous soil source concentrations. The site building had been removed, and a large excavation was determined to be the most effective corrective action. The excavation was currently ongoing; however the scope of work was determined to be greater than expected. Additional authority was requested to complete the excavation, and a new building was to be built in the spring, which would hamper additional excavation efforts at a later date. Previous authority to \$200,000 had been granted, and \$97,567.94 was incurred to date. Additional authority to \$300,000 was requested to complete the excavation and for future site monitoring.

A motion to approve the claim authority was submitted by Mr. Holcomb and seconded by Ms. Lincoln. Approved 5-0.

2. Site Registration 8610182 – Winston Service Center, Atlantic

This site was classified high risk for the soil leaching to protected groundwater source pathway, and low risk for groundwater for the protected groundwater source pathway and the potential enclosed space pathways. Also, low levels of free product persisted in one monitoring well. Corrective action was not required at the site, but groundwater monitoring recovery would be required for some time. Previous authority to \$75,000 had been granted, and \$83,117.24 was incurred to date. Mr. Gastineau noted that the site could achieve no action required (NAR) with free product if the city would implement an ordinance prohibiting the installation of water wells. Additional authority to \$130,000 was requested for monitoring and free product recovery (FPR).

Mr. Holcomb submitted a motion to approve the claim authority, and Mr. Beech seconded the motion. Approved 5-0.

3. Site Registration 8609409 – Nelson Oil Co Inc., Clarinda

This site was classified low risk with a history of minimal free product in one monitoring well. Contaminant levels were far below no further action SSTL's, but steady and declining criteria have not yet been met. Previous authority to \$75,000 had been granted, and \$81,161.65 was incurred to date. Additional authority to \$110,000 was requested for monitoring and FPR.

Mr. Beech submitted a motion to approve the claim authority, and Mr. Holcomb seconded the motion. Approved 5-0.

4. CRPCA9808-19 Bevington, Iowa

The community remediation project in Bevington was awarded to Apex in 1998 to address contamination at one site, and the history of work included RBCA, free product recovery and operation of a remedial system. The system was installed in 2002 and has reduced contaminant levels and free product levels. Continued remedial action will be necessary due to the number and type of receptors. The site owner wants to remove the existing UST's at the site. He is eligible for partial tank removal benefits due to installation dates. Removal activities will be complicated due to the location of the remedial system, but a limited excavation may be completed at the time of tank removal to remove more contamination. Continued costs for proposed activities over the next two years could reach \$100,000 to \$150,000.

Mr. Gastineau requested a \$150,000 increase in Board authority for the project up to \$725,000. In addition, he recommended that a request for proposal (RFP) be issued to examine alternate proposals to operate the system at this site, with the option that if no other bids are received, the Board will continue to work with Apex at the established rates.

Mr. Beech submitted a motion to approve the recommended increase in Board authority and to issue a RFP for continued work at the site. Mr. Holcomb seconded the motion, which was approved by a vote of 5-0.

CONTRACTS ENTERED INTO SINCE THE OCTOBER 23, 2008 BOARD MEETING

Mr. Scheidel noted that the Board had entered into three 28E agreements with the Iowa DNR since the December 11th Board meeting.

- 1) A 28E agreement between the Board and the Iowa DNR addressed UST sites with no further action (NFA) claims.
- 2) A 28E agreement between the Board and the Iowa DNR addressed UST Section (DNR) funding for fiscal year 2009.
- 3) A 28E agreement between the Board and the Iowa DNR addressed a plume study for select sites with high-volume pumping well receptors.

OTHER ISSUES

Mr. Scheidel reported the next Board meeting was scheduled for Friday, February 27, 2009. He mentioned that a teleconference regarding bonds might be held, if needed.

CORRESPONDENCE AND ATTACHMENTS

Mr. Scheidel discussed the former Coastal Mart site in Waukon, Iowa, which was highlighted in an article in the news publication The Standard. He stated that the City of Waukon was working to acquire the property through eminent domain after the latest owner walked away from the site leaving UST's full of thousands of gallons of fuel.

Mr. Norris inquired about the status of DNR's final Chapter 135 rules. Ms. Douskey stated that a public hearing was held on January 6, 2009, and the rule which previously included several items in addition to the RBCA model change had been modified to not include those additional items. However some added language referenced a small subset of sites that potentially might not be addressed by the UST Fund/DNR 28E agreements for NFA claims or the plume study. The language was altered at the request of the Environmental Protection Committee, which created questions about the DNR's application of the rule to other receptor pathways beyond municipal water supply wells. That concern was brought up at the January 6th public hearing, and Ms. Douskey stated she planned to respond to that concern in writing by issuing a statement on how the DNR intended to use the rule.

Ms. Burke-Boston asked if there was any further business, and there being none, Mr. Hall moved to adjourn, and Mr. Holcomb seconded the motion. By a vote of 5-0, the Board adjourned at 11:42 A.M.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Scott M. Scheidel". The signature is written in a cursive, flowing style.

Scott M. Scheidel
Administrator

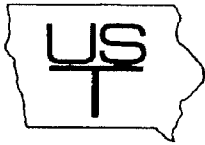
Closed Session

Discussion of Pending and Imminent Litigation

Public Comment

Board Issues

A. Legislative Update



IOWA UNDERGROUND STORAGE TANK

Financial Responsibility Program

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Richard Leopold

Nancy A. Lincoln

Douglas M. Beech

MEMO

TO: Iowa UST Board

FROM: Scott Scheidel

DATE: February 26, 2009

RE: 2009 Legislative Session

Budget

HF 414 passed the House tonight. This is the supplemental spending bill for the FY2009. In this bill is a diversion of \$5,655,818 from the UST Fund to the general fund of the State. This bill will have to be passed in the Senate and signed by the Governor, but both are likely.

The targets for FY2010 budget thus far do not include diversions from the UST Fund, however it is very early in that process. The likelihood is high that the Legislature will look at diversions given the growth in spending and reduction in tax collections projected. Anytime diversions are considered the UST Funds are part of the discussion.

Bills of Interest

SSB1153 and HSB60 are identical bills that were filed by the DNR. These are the bills that would divert Tank Tag Fees that the Board has received since their inception in 1990 directly to the DNR. Both bills are currently in subcommittee, with each subcommittee meeting once. The direction was for the Board and the DNR to work out a funding agreement that addressed the DNR's expressed need for a flexible long term funding arrangement and the Board and regulated community's expressed need for annual accountability in the agreement. We have met and collaborated on the attached agreement. While we do not have full concurrence of the Department on the current draft, significant progress has been made. *Doug - questions/concerns on agreement*

The House subcommittee chair has indicated that with the approaching funnel they will have to move the bill to full committee in the next week if an agreement is not reached. If the Board is supportive of the current draft, we can likely reach agreement before that happens.

milestones w no end date...

28E AGREEMENT

BETWEEN the IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND BOARD, and the IOWA DEPARTMENT OF NATURAL RESOURCES for FUNDING AND MANAGEMENT of the UNDERGROUND STORAGE TANK SECTION of the IOWA DEPARTMENT OF NATURAL RESOURCES

This Agreement is entered into by and between the Iowa Comprehensive Petroleum Underground Storage Tank Fund Board (hereinafter "Board"), with its Administrator's office located at 2700 Westown Parkway, Suite 320, W. Des Moines, Iowa 50266, and the Iowa Department of Natural Resources (hereinafter "DNR"), located at 502 E. 9th Street, Des Moines, IA 50319. This Agreement is entered into pursuant to Chapter 28E of the Code of Iowa, and is effective as of the date it is fully executed by all parties.

I. PURPOSE

The purpose of this Agreement is to provide the DNR with an ongoing funding source for its UST Section in order to promote and achieve the mutually agreed mission and goals of the Board and DNR to protect human health and the environment by prevention and remediation of petroleum releases from underground storage tanks. To achieve this purpose, the Board agrees to provide the DNR with funds in an amount at least equivalent to the UST tank management fees collected and allocated to the Board pursuant to Iowa Code sections 455B.479, 455G.8"3" and 455G.6(15)"a." The Parties do not intend to create a separate legal entity under this Agreement, and no real or personal property will be used or acquired under the terms of this Agreement.

II. TERM

This Agreement shall be in effect for an indefinite period of time unless terminated in accordance with this Agreement.

III. JOINT RESPONSIBILITIES

Prior to fiscal year 2010, and prior to each subsequent fiscal year, representatives of the DNR and the Board administrator shall meet and develop mutually acceptable milestones for the joint missions and goals to be accomplished during the upcoming fiscal year and corresponding funding amounts. It is the responsibility of each party to negotiate in good faith to establish manageable milestone goals and responsibilities. Once established, the milestones shall be attached to this Agreement, and incorporated herein, as an addendum to the Agreement. It is understood by the parties that no provision in this Agreement prohibits an addendum or amendment to this Agreement from providing the DNR with funds in excess of the annual UST tank management fees allocated to the Board. The general expectation of both parties is that the base amount of tank tag fees and a single broad goal related to program improvement or scientific research annually serve as the starting points.

The parties will meet regularly, and in no event fewer than 8 times in a fiscal year, to maintain a joint strategic discussion of DNR, EPA and UST Fund Board priorities. The discussion and resulting plans should focus on the statutory funding terms for the entire program and meeting closure requirements at sites eligible for funding as well as opportunities to address targeted work at all sites in the interest of program closure and near term protection of human health.

IV. DNR RESPONSIBILITIES

A. The DNR shall include in each addendum milestone requirements to conduct a meeting between representatives of the DNR central office and the DNR field offices to review UST Section priorities and accomplishments on a quarterly basis (or otherwise agreed to basis), and prepare written report detailing activities performed during the previous quarter, reconciling those activities to the established priorities and establishing the priority list for the next quarter.

B. Should the parties not reach an agreement on acceptable milestones prior to the start of the new fiscal year, this Agreement shall remain in effect; however, the Board will be relieved of its responsibilities contained in Section V of this Agreement for the new fiscal year unless or until an addendum is attached hereto.

C. Failure by the DNR to meet milestones contained in an addendum will not be considered a breach of this Agreement and will not affect the Board's payments for the fiscal year term of the addendum. Unless otherwise amended, the obligation by the Board to make payments for the completion of the milestones, however, shall result in a pro rata reduction from the payments owed by the Board in the subsequent fiscal year for any period of time for which the DNR fails to timely meet any part of a milestone to the satisfaction of the Board. Upon successful completion of all outstanding milestone requirements for which payment was withheld, the Board may pay the DNR the payment(s) withheld, and resume payments pursuant to the schedule described in this Section V of the Agreement. The failure of the DNR to meet milestone requirements, and the suspended payment by the Board, shall be documented in the addendum to this Agreement for the subsequent fiscal year.

V. BOARD RESPONSIBILITIES

A. Prior to fiscal year 2010, and prior to each subsequent fiscal year, the Board, in consultation with the DNR, shall prepare an estimate of the UST tank management fees to be collected and allocated to the Board during the upcoming fiscal year. Pursuant to this estimate, the Board shall provide the DNR with funds in the amount of this estimate, subject to contingencies stated in this Agreement, in installments during the fiscal year as mutually agreed to by the parties. The estimate and installment schedule shall be contained in the addendum described in Section IV of this Agreement.

B. If the Board determines prior to the final installment for a fiscal year that the actual amount the UST tank management fees allocated to the Board during the fiscal year varies from the estimated amount by 10% or more, the Board shall adjust the final installment for the fiscal year accordingly to reflect the actual amount allocated to the Board. If, however, the variance between the estimated amount of UST tank management fees allocated to the Board and the actual amount is less than 10%, the final installment shall remain unchanged.

C. Notwithstanding any provision in this Agreement to the contrary, this Agreement shall not prohibit the Board from providing funds to the DNR in excess of the annual UST tank management fees collected and allocated to the Board.

withheld payments must be made up during the subsequent FY.

could change to 5%, or could go away.

VI. FINANCING

The Board shall pay all costs associated with the administration of this Agreement in accordance with the terms of Section V of this Agreement. The DNR shall use the funds provided by the Board exclusively for the operation of the DNR's UST Section. Use of the funds for any other DNR sections or programs is not authorized by this Agreement, and will permit the Board to withhold an amount equivalent to the misused funds from future installment payments. DNR shall not seek additional funding from any of the funds maintained by the Board, other than through this Agreement or the amendment of this Agreement.

VII. AMENDMENT

This Agreement may be amended from time to time by written agreement of the parties. The right to amend shall extend to the provisions of an addendum hereto, such as amendments to DNR milestone requirements and deadlines and Board funding estimates and installment schedules. All amendments shall be in writing, signed by both parties, and filed with the Secretary of State.

VIII. TERMINATION

A. Termination Upon Mutual Consent. This Agreement may be terminated upon the mutual written consent of the parties.

B. Termination By One Party. Notwithstanding anything in this Agreement to the contrary, and subject to the limitations, conditions, and procedures set forth below, either party to this Agreement shall have the right to terminate this Agreement without penalty by giving sixty (60) days' written notice to the other party to the Agreement as a result of any of the following:

1. There are insufficient funds or staffing resources available to allow a party to fulfill its obligations under this Agreement; or
2. A change in the law prevents or substantially impairs a party's ability to participate in this Agreement.

IX. NOTICES

Whenever notices and correspondence are to be given under this Agreement, the notices shall be given by personal delivery to the other party, or sent by mail, postage prepaid, to the other party as follows:

To the Board

Iowa UST Fund Board
2700 Westown Parkway, Suite 320,
W. Des Moines, Iowa 50266

To the DNR

Iowa Department of Natural Resources
UST Section
502 E. 9th Street
Des Moines, IA 50319

X. APPLICABLE LAW

This Agreement is to be governed by the laws of the State of Iowa.

XI. FILING AND RECORDING

It is agreed the Board will electronically file this Agreement with the Secretary of State, and electronically file any amendment, renewal, or notice of termination of this Agreement within thirty days as provided in Iowa Code section 28E.8.

IN WITNESS WHEREOF, and in consideration of the mutual covenants set forth herein and for other good and valuable consideration, the receipt, adequacy, and legal sufficiency of which are hereby acknowledged, the parties have entered into this 28E Agreement and have caused their duly authorized representatives to execute this 28E Agreement.

**IOWA COMPREHENSIVE PETROLEUM
UNDERGROUND STORAGE TANK
FUND BOARD**

**IOWA DEPARTMENT OF NATURAL
RESOURCES**

BY: _____
Susan Voss, Chair

BY: _____
Richard Leopold, Director

DATE: _____

DATE: _____

The sum of the
microdecisions makes
up the universe of sites...
Not everyone would want the
board and the DNR

B. Bonding Options

Maintain
flexibility but not
necessarily agree to
bonding.

Treasurer is not advocating
on EPC tank fees—

- can legislative/governor
change the revenue
by statute — \$4.25M/Qtr.
- Board controls diminution fee
- legislative controls the
amount that comes back
to the board.

Inability of the
system to finish
the job —

The system is
the problem...

Iowa ... Fund
Projected Cash Flows Available for Corrective Action Costs
2/18/2009

	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues									
EPC	\$ 12,750,000	\$ 17,000,000	\$ 17,000,000	\$ 17,000,000	\$ 17,000,000	\$ 17,000,000	\$ 17,000,000	\$ 17,000,000	
Tank Fees	\$ 385,000	\$ 385,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000
Interest	\$ 347,383	\$ 470,430	\$ 560,739	\$ 1,321,307	\$ 1,551,560	\$ 2,238,778	\$ 2,637,466	\$ 3,131,090	\$ 3,661,894
Cost Recovery	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Total Revenues	\$ 13,502,383	\$ 17,875,430	\$ 17,955,739	\$ 18,716,307	\$ 18,946,560	\$ 19,633,778	\$ 20,032,466	\$ 20,526,090	\$ 4,056,894
Expenditures									
Administration	\$ 700,000	\$ 1,400,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 750,000	\$ 750,000
Remedial Claims	\$ 4,900,000	\$ 8,560,000	\$ 8,560,000	\$ 8,560,000	\$ 8,560,000	\$ 8,560,000	\$ 7,060,000	\$ 7,060,000	\$ 7,060,000
Low Risk	\$ 900,000	\$ 1,560,000	\$ 1,560,000	\$ 1,560,000	\$ 1,560,000	\$ 1,560,000	\$ 1,560,000	\$ 1,560,000	\$ 1,560,000
High Risk	\$ 4,000,000	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000
ILO Claims	\$ 1,150,000	\$ 2,300,000	\$ 2,300,000	\$ 2,300,000	\$ 2,300,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
NFA Claims	\$ -	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
DNR Transfers	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000
Govt. Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
28E Projects/DNR	\$ 200,000	\$ 1,200,000	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenditures	\$ 7,550,000	\$ 14,560,000	\$ 13,160,000	\$ 12,960,000	\$ 12,960,000	\$ 11,660,000	\$ 10,160,000	\$ 9,910,000	\$ 9,910,000
Fund Balances									
Revenue	\$4,635,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unassigned Revenue	\$4,018,009								
Remedial	\$3,011,900								
Remedial + Unassigned	\$7,029,909	\$5,832,292	\$12,647,722	\$19,943,461	\$27,999,768	\$36,286,328	\$45,260,106	\$56,132,572	\$67,748,662
Innocent Landowner	\$9,657,519	\$17,007,519	\$14,707,519	\$12,407,519	\$10,107,519	\$7,807,519	\$6,807,519	\$5,807,519	\$4,807,519
Loan Guarantee	\$269,774	\$269,774	\$269,774	\$269,774	\$269,774	\$269,774	\$269,774	\$269,774	\$269,774
Marketability	\$411,931	\$411,931	\$411,931	\$411,931	\$411,931	\$411,931	\$411,931	\$411,931	\$411,931
Total of Balances	\$ 22,004,133	\$ 23,521,516	\$ 28,036,946	\$ 33,032,685	\$ 38,788,992	\$ 44,775,552	\$ 52,749,330	\$ 62,621,796	\$ 73,237,886

No Dispositions

Iowa Fund
Projected Cash Flows Available for Corrective Action Costs
2/18/2009

	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues									
EPC	\$ 12,750,000	\$ 17,000,000	\$ 17,000,000	\$ 17,000,000	\$ 17,000,000	\$ 17,000,000	\$ 17,000,000	\$ 17,000,000	
Tank Fees	\$ 385,000	\$ 385,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000
Interest	\$ 347,383	\$ 356,430	\$ 444,459	\$ 1,084,096	\$ 1,304,860	\$ 1,918,068	\$ 2,300,721	\$ 2,777,508	\$ 3,290,633
Cost Recovery	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Total Revenues	\$ 13,502,383	\$ 17,761,430	\$ 17,839,459	\$ 18,479,096	\$ 18,699,860	\$ 19,313,068	\$ 19,695,721	\$ 20,172,508	\$ 3,685,633
Expenditures									
Administration	\$ 700,000	\$ 1,400,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 750,000	\$ 750,000
Remedial Claims	\$ 4,900,000	\$ 8,560,000	\$ 8,560,000	\$ 8,560,000	\$ 8,560,000	\$ 8,560,000	\$ 7,060,000	\$ 7,060,000	\$ 7,060,000
Low Risk	\$ 900,000	\$ 1,560,000	\$ 1,560,000	\$ 1,560,000	\$ 1,560,000	\$ 1,560,000	\$ 1,560,000	\$ 1,560,000	\$ 1,560,000
High Risk	\$ 4,000,000	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000
ILO Claims	\$ 1,150,000	\$ 2,300,000	\$ 2,300,000	\$ 2,300,000	\$ 2,300,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
NFA Claims	\$ -	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
DNR Transfers	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000
Govt. Transfers	\$ 5,700,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service	\$ 200,000	\$ 1,200,000	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
28E Projects/DNR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenditures	\$ 13,250,000	\$ 14,560,000	\$ 13,160,000	\$ 12,960,000	\$ 12,960,000	\$ 11,660,000	\$ 10,160,000	\$ 9,910,000	\$ 9,910,000
Fund Balances									
Revenue	\$4,635,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unassigned Revenue	\$4,018,009								
Remedial	\$3,011,900								
Remedial + Unassigned	\$7,029,909	\$4,382,292	\$11,083,722	\$18,263,181	\$26,082,277	\$34,122,137	\$42,775,205	\$53,310,927	\$64,573,434
Innocent Landowner	\$9,657,519	\$12,757,519	\$10,457,519	\$8,157,519	\$5,857,519	\$3,557,519	\$2,557,519	\$1,557,519	\$557,519
Loan Guarantee	\$269,774	\$269,774	\$269,774	\$269,774	\$269,774	\$269,774	\$269,774	\$269,774	\$269,774
Marketability	\$411,931	\$411,931	\$411,931	\$411,931	\$411,931	\$411,931	\$411,931	\$411,931	\$411,931
Total of Balances	\$ 22,004,133	\$ 17,821,516	\$ 22,222,946	\$ 27,102,405	\$ 32,621,501	\$ 38,361,361	\$ 46,014,429	\$ 55,550,151	\$ 65,812,658

Adjusted to show only half of transfer (\$4.25M instead of \$8.5M) back to ILO

Iowa Capital Fund
Projected Cash Flows Available for Corrective Action Costs
2/18/2009

	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues									
EPC	\$ 12,750,000	\$ 17,000,000	\$ 17,000,000	\$ 17,000,000	\$ 17,000,000	\$ 17,000,000	\$ 17,000,000	\$ 17,000,000	
Tank Fees	\$ 385,000	\$ 385,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000
Interest	\$ 347,383	\$ 1,281,152	\$ 1,149,160	\$ 2,081,794	\$ 1,910,536	\$ 1,732,391	\$ 1,651,269	\$ 1,626,732	\$ 1,611,262
Cost Recovery	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Total Revenues	\$ 13,502,383	\$ 18,686,152	\$ 18,544,160	\$ 19,476,794	\$ 19,305,536	\$ 19,127,391	\$ 19,046,269	\$ 19,021,732	\$ 2,006,262
Expenditures									
Administration	\$ 700,000	\$ 1,400,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 750,000	\$ 750,000
Remedial Claims	\$ 4,900,000	\$ 8,560,000	\$ 8,560,000	\$ 8,560,000	\$ 8,560,000	\$ 8,560,000	\$ 7,060,000	\$ 7,060,000	\$ 7,060,000
Low Risk	\$ 900,000	\$ 1,560,000	\$ 1,560,000	\$ 1,560,000	\$ 1,560,000	\$ 1,560,000	\$ 1,560,000	\$ 1,560,000	\$ 1,560,000
High Risk	\$ 4,000,000	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000
ILO Claims	\$ 1,150,000	\$ 2,300,000	\$ 2,300,000	\$ 2,300,000	\$ 2,300,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
NFA Claims	\$ -	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
DNR Transfers	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000
Govt. Transfers	\$ 5,700,000	\$ -	\$ 8,497,312	\$ 8,498,232	\$ 8,499,171	\$ 8,495,446	\$ 8,499,686	\$ 8,498,480	
Debt Service	\$ -	\$ 8,425,747	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -	
28E Projects/DNR	\$ 200,000	\$ 1,200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Expenditures	\$ 13,250,000	\$ 22,985,747	\$ 21,657,312	\$ 21,458,232	\$ 21,459,171	\$ 20,155,446	\$ 18,659,686	\$ 18,408,480	\$ 9,910,000
Fund Balances									
Revenue	\$4,635,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unassigned Revenue	\$4,018,009								
Remedial	\$3,011,900								
Bonded Proceeds	\$7,029,909	\$ 46,236,079	\$ 46,236,079	\$ 46,236,079	\$ 46,236,079	\$ 46,236,079	\$ 46,236,079	\$ 46,236,079	\$ 46,236,079
Remedial + Unassigned + Bond	\$9,657,519	\$46,368,371	\$42,068,776	\$38,955,624	\$36,974,185	\$34,820,551	\$33,792,496	\$34,179,079	\$34,792,331
Innocent Landowner	\$269,774	\$17,007,519	\$14,707,519	\$12,407,519	\$10,107,519	\$7,807,519	\$6,807,519	\$5,807,519	\$4,807,519
Loan Guarantee	\$411,931	\$269,774	\$269,774	\$269,774	\$269,774	\$269,774	\$269,774	\$269,774	\$269,774
Marketability		\$411,931	\$411,931	\$411,931	\$411,931	\$411,931	\$411,931	\$411,931	\$411,931
Total of Balances	\$ 22,004,133	\$ 64,057,595	\$ 57,458,000	\$ 52,044,848	\$ 47,763,409	\$ 43,309,775	\$ 41,281,720	\$ 40,668,303	\$ 40,281,555

50% Bond Issue thru 2016

Iowa Water Fund
Projected Cash Flows Available for Corrective Action Costs
2/18/2009

	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues									
EPC	\$ 12,750,000	\$ 17,000,000	\$ 17,000,000	\$ 17,000,000	\$ 17,000,000	\$ 17,000,000	\$ 17,000,000	\$ 17,000,000	
Tank Fees	\$ 385,000	\$ 385,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000
Interest	\$ 347,383	\$ 1,590,643	\$ 1,408,670	\$ 2,497,898	\$ 2,230,043	\$ 1,951,489	\$ 1,765,654	\$ 1,632,499	\$ 1,503,877
Cost Recovery	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Total Revenues	\$ 13,502,383	\$ 18,995,643	\$ 18,803,670	\$ 19,892,898	\$ 19,625,043	\$ 19,346,489	\$ 19,160,654	\$ 19,027,499	\$ 1,898,877
Expenditures									
Administration	\$ 700,000	\$ 1,400,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 750,000	\$ 750,000
Remedial Claims	\$ 4,900,000	\$ 8,560,000	\$ 8,560,000	\$ 8,560,000	\$ 8,560,000	\$ 8,560,000	\$ 7,060,000	\$ 7,060,000	\$ 7,060,000
Low Risk	\$ 900,000	\$ 1,560,000	\$ 1,560,000	\$ 1,560,000	\$ 1,560,000	\$ 1,560,000	\$ 1,560,000	\$ 1,560,000	\$ 1,560,000
High Risk	\$ 4,000,000	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000
I/O Claims	\$ 1,150,000	\$ 2,300,000	\$ 2,300,000	\$ 2,300,000	\$ 2,300,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
NFA Claims	\$ -	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
DNR Transfers	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000
Govt. Transfers	\$ 5,700,000	\$ -	\$ 11,329,712	\$ 11,329,272	\$ 11,328,903	\$ 11,332,368	\$ 11,329,528	\$ 11,333,034	
Debt Service	\$ -	\$ 1,200,000	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -	
28E Projects/DNR	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Expenditures	\$ 13,250,000	\$ 25,794,294	\$ 24,489,712	\$ 24,289,272	\$ 24,288,903	\$ 22,992,368	\$ 21,489,528	\$ 21,243,034	\$ 9,910,000
Fund Balances									
Revenue	\$4,635,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unassigned Revenue	\$4,018,009								
Remedial	\$3,011,900								
Bonded Proceeds		\$ 61,710,629	\$ 61,710,629	\$ 61,710,629	\$ 61,710,629	\$ 61,710,629	\$ 61,710,629	\$ 61,710,629	\$ 61,710,629
Remedial + Unassigned + Bond	\$7,029,909	\$61,842,921	\$55,044,270	\$49,358,227	\$44,961,853	\$40,297,994	\$36,652,114	\$34,323,240	\$32,107,704
Innocent Landowner	\$9,657,519	\$17,007,519	\$14,707,519	\$12,407,519	\$10,107,519	\$7,807,519	\$6,807,519	\$5,807,519	\$4,807,519
Loan Guarantee	\$269,774	\$269,774	\$269,774	\$269,774	\$269,774	\$269,774	\$269,774	\$269,774	\$269,774
Marketability	\$411,931	\$411,931	\$411,931	\$411,931	\$411,931	\$411,931	\$411,931	\$411,931	\$411,931
Total of Balances	\$ 22,004,133	\$ 79,532,145	\$ 70,433,494	\$ 62,447,451	\$ 55,751,077	\$ 48,787,218	\$ 44,141,338	\$ 40,812,464	\$ 37,596,928

67% Bond Issue thru 2016

Iowa Local Fund
Projected Cash Flows Available for Corrective Action Costs
2/18/2009

	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues									
EPC	\$ 12,750,000	\$ 17,000,000	\$ 17,000,000	\$ 17,000,000	\$ 17,000,000	\$ 17,000,000	\$ 17,000,000	\$ 17,000,000	
Tank Fees	\$ 385,000	\$ 385,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000
Interest	\$ 347,383	\$ 1,303,787	\$ 1,172,067	\$ 2,128,520	\$ 1,959,194	\$ 1,783,088	\$ 1,703,880	\$ 1,681,494	\$ 1,668,165
Cost Recovery	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Total Revenues	\$ 13,502,383	\$ 18,708,787	\$ 18,567,067	\$ 19,523,520	\$ 19,354,194	\$ 19,178,088	\$ 19,098,880	\$ 19,076,494	\$ 2,063,165
Expenditures									
Administration	\$ 700,000	\$ 1,400,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 750,000	\$ 750,000
Remedial Claims	\$ 4,900,000	\$ 8,560,000	\$ 8,560,000	\$ 8,560,000	\$ 8,560,000	\$ 8,560,000	\$ 7,060,000	\$ 7,060,000	\$ 7,060,000
Low Risk	\$ 900,000	\$ 1,560,000	\$ 1,560,000	\$ 1,560,000	\$ 1,560,000	\$ 1,560,000	\$ 1,560,000	\$ 1,560,000	\$ 1,560,000
High Risk	\$ 4,000,000	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000
ILO Claims	\$ 1,150,000	\$ 2,300,000	\$ 2,300,000	\$ 2,300,000	\$ 2,300,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
NFA Claims	\$ -	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
DNR Transfers	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000
Govt. Transfers	\$ 5,700,000	\$ -	\$ 8,497,393	\$ 8,496,678	\$ 8,496,850	\$ 8,498,285	\$ 8,498,535	\$ 8,499,715	
Debt Service	\$ -	\$ 8,434,787	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -	
28E Projects/DNR	\$ 200,000	\$ 1,200,000	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Expenditures	\$ 13,250,000	\$ 22,994,787	\$ 21,657,393	\$ 21,456,678	\$ 21,456,850	\$ 20,158,285	\$ 18,658,535	\$ 18,409,715	\$ 9,910,000
Fund Balances									
Revenue	\$4,635,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unassigned Revenue	\$4,018,009								
Remedial	\$3,011,900								
Bonded Proceeds	\$ 7,029,909	\$ 47,367,820	\$ 47,367,820	\$ 47,367,820	\$ 47,367,820	\$ 47,367,820	\$ 47,367,820	\$ 47,367,820	\$ 47,367,820
Remedial + Unassigned + Bond	\$9,657,519	\$47,500,112	\$43,214,111	\$40,123,785	\$38,190,627	\$36,087,972	\$35,107,774	\$35,548,119	\$36,214,898
Innocent Landowner	\$269,774	\$17,007,519	\$14,707,519	\$12,407,519	\$10,107,519	\$7,807,519	\$6,807,519	\$5,807,519	\$4,807,519
Loan Guarantee	\$411,931	\$269,774	\$269,774	\$269,774	\$269,774	\$269,774	\$269,774	\$269,774	\$269,774
Marketability		\$411,931	\$411,931	\$411,931	\$411,931	\$411,931	\$411,931	\$411,931	\$411,931
Total of Balances	\$ 22,004,133	\$ 65,189,336	\$ 58,603,335	\$ 53,213,009	\$ 48,979,851	\$ 44,577,196	\$ 42,596,998	\$ 42,037,343	\$ 41,704,122

50% Bond Issue thru 2016 with "Moral Obligation" language

Iowa Local Fund
Projected Cash Flows Available for Corrective Action Costs
2/18/2009

	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues									
EPC	\$ 12,750,000	\$ 17,000,000	\$ 17,000,000	\$ 17,000,000	\$ 17,000,000	\$ 17,000,000	\$ 17,000,000	\$ 17,000,000	\$ 17,000,000
Tank Fees	\$ 385,000	\$ 385,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000
Interest	\$ 347,383	\$ 1,931,252	\$ 1,700,736	\$ 2,982,687	\$ 2,623,183	\$ 2,249,240	\$ 1,964,326	\$ 1,727,939	\$ 1,492,220
Cost Recovery	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Total Revenues	\$ 13,502,383	\$ 19,336,252	\$ 19,095,736	\$ 20,377,687	\$ 20,018,183	\$ 19,644,240	\$ 19,359,326	\$ 19,122,939	\$ 1,887,220
Expenditures									
Administration	\$ 700,000	\$ 1,400,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 750,000	\$ 750,000
Remedial Claims	\$ 4,900,000	\$ 8,560,000	\$ 8,560,000	\$ 8,560,000	\$ 8,560,000	\$ 8,560,000	\$ 7,060,000	\$ 7,060,000	\$ 7,060,000
Low Risk	\$ 900,000	\$ 1,560,000	\$ 1,560,000	\$ 1,560,000	\$ 1,560,000	\$ 1,560,000	\$ 1,560,000	\$ 1,560,000	\$ 1,560,000
High Risk	\$ 4,000,000	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000
ILO Claims	\$ 1,150,000	\$ 2,300,000	\$ 2,300,000	\$ 2,300,000	\$ 2,300,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
NFA Claims	\$ -	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
DNR Transfers	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000
Govt. Transfers	\$ 5,700,000	\$ -	\$ 14,105,368	\$ 14,105,288	\$ 14,106,754	\$ 14,107,083	\$ 14,108,998	\$ 14,105,910	\$ -
Debt Service	\$ -	\$ 14,002,048	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
28E Projects/DNR	\$ 200,000	\$ 1,200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenditures	\$ 13,250,000	\$ 28,562,048	\$ 27,265,368	\$ 27,065,288	\$ 27,066,754	\$ 25,767,083	\$ 24,268,998	\$ 24,015,910	\$ 9,910,000
Fund Balances									
Revenue	\$4,635,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unassigned Revenue	\$4,018,009								
Remedial	\$3,011,900								
Bonded Proceeds		\$ 78,741,080	\$ 78,741,080	\$ 78,741,080	\$ 78,741,080	\$ 78,741,080	\$ 78,741,080	\$ 78,741,080	\$ 78,741,080
Remedial + Unassigned + Bond	\$7,029,909	\$78,873,372	\$69,647,576	\$61,477,944	\$54,790,342	\$47,741,771	\$41,618,928	\$36,709,256	\$31,816,285
Innocent Landowner	\$9,657,519	\$17,007,519	\$14,707,519	\$12,407,519	\$10,107,519	\$7,807,519	\$6,807,519	\$5,807,519	\$4,807,519
Loan Guarantee	\$269,774	\$269,774	\$269,774	\$269,774	\$269,774	\$269,774	\$269,774	\$269,774	\$269,774
Marketability	\$411,931	\$411,931	\$411,931	\$411,931	\$411,931	\$411,931	\$411,931	\$411,931	\$411,931
Total of Balances	\$ 22,004,133	\$ 96,562,596	\$ 85,036,800	\$ 74,567,168	\$ 65,579,566	\$ 56,230,995	\$ 49,108,152	\$ 43,198,480	\$ 37,305,509

83% Bond Issue thru 2016 with "Moral Obligation" language

State of Iowa
Revenue
Financing- Underground Storage Tank
67% of Revenues
January 28, 2009

Period Ending	\$61,710,629 Project Funding					\$75,799,608 Project Funding					\$87,938,820 Project Funding				
	Principal	Coupon ¹	Debt Service ²	Coverage ³		Principal	Coupon ¹	Debt Service ²	Coverage ³		Principal	Coupon ¹	Debt Service ²	Coverage ³	
6/15/2010	\$9,200,000	2.60%	\$2,034,294	1.51		\$8,510,000	2.60%	\$2,695,451	1.52		\$7,790,000	2.60%	\$3,381,217	1.52	
6/15/2011	9,440,000	2.60%	1,889,712	1.50		8,730,000	2.60%	2,599,561	1.50		7,995,000	2.60%	3,335,943	1.50	
6/15/2012	9,685,000	2.74%	1,644,272	1.50		8,960,000	2.74%	2,372,581	1.50		8,205,000	2.74%	3,128,073	1.50	
6/15/2013	9,950,000	2.93%	1,378,903	1.50		9,205,000	2.93%	2,127,077	1.50		8,425,000	2.93%	2,903,256	1.50	
6/15/2014	10,245,000	3.20%	1,087,368	1.50		9,475,000	3.20%	1,857,370	1.50		8,675,000	3.20%	2,656,403	1.50	
6/15/2015	10,570,000	3.42%	759,528	1.50		9,775,000	3.42%	1,554,170	1.50		8,950,000	3.42%	2,378,803	1.50	
6/15/2016	10,935,000	3.64%	398,034	1.50		10,110,000	3.64%	1,219,865	1.50		9,260,000	3.64%	2,072,713	1.50	
6/15/2017						10,480,000	3.87%	851,861	1.50		9,595,000	3.87%	1,735,649	1.50	
6/15/2018						10,885,000	4.10%	446,285	1.50		9,965,000	4.10%	1,364,323	1.50	
6/15/2019											10,375,000	4.35%	955,758	1.50	
6/15/2020											10,825,000	4.66%	504,445	1.50	
Totals	\$70,025,000		\$9,192,111		\$79,217,111	\$86,130,000		\$15,724,221		\$101,854,221	\$100,060,000		\$24,416,583		\$124,476,583
	Dated Date		7/1/2009			Dated Date		7/1/2009			Dated Date		7/1/2009		
	Delivery Date		7/1/2009			Delivery Date		7/1/2009			Delivery Date		7/1/2009		
	Par Amount		\$70,025,000			Par Amount		\$86,130,000			Par Amount		\$100,060,000		
	Debt Service Reserve		(7,002,500)			Debt Service Reserve		(8,613,000)			Debt Service Reserve		(10,006,000)		
	Municipal Bond Ins. ⁴		(792,171)			Municipal Bond Ins. ⁴		(1,018,542)			Municipal Bond Ins. ⁴		(1,244,766)		
	Issuance Expense ⁴		(519,700)			Issuance Expense ⁴		(698,850)			Issuance Expense ⁴		(870,414)		
	Project Funds		\$61,710,629			Project Funds		\$75,799,608			Project Funds		\$87,938,820		

Assumptions:

- ¹ AAA MMD 01/27/2009 yields plus 60 bps credit and 75 bps timing.
- ² Gross debt service is shown.
- ³ Coverage calculated on a \$17 million dollar annual allocation.
- ⁴ Issuance Expenses subject to change, used for planning purposes only.

State of Iowa
Revenue
Financing- Underground Storage Tank
50% of Revenues
January 28, 2009

Period Ending	\$46,236,079 Project Funding					\$56,810,228 Project Funding					\$65,904,652 Project Funding				
	Principal	Coupon ¹	Interest	Debt Service ²	Coverage ³	Principal	Coupon ¹	Interest	Debt Service ²	Coverage ³	Principal	Coupon ¹	Interest	Debt Service ²	Coverage ³
6/15/2010	\$6,900,000	2.60%	\$1,525,747	\$8,425,747	2.02	\$6,380,000	2.60%	\$2,021,366	\$8,401,366	2.02	\$5,845,000	2.60%	\$2,535,930	\$8,380,930	2.03
6/15/2011	7,080,000	2.60%	1,417,312	8,497,312	2.00	6,550,000	2.60%	1,949,503	8,499,503	2.00	5,995,000	2.60%	2,501,911	8,496,911	2.00
6/15/2012	7,265,000	2.74%	1,233,232	8,498,232	2.00	6,720,000	2.74%	1,779,203	8,499,203	2.00	6,150,000	2.74%	2,346,041	8,496,041	2.00
6/15/2013	7,465,000	2.93%	1,034,171	8,499,171	2.00	6,900,000	2.93%	1,595,075	8,495,075	2.00	6,320,000	2.93%	2,177,531	8,497,531	2.00
6/15/2014	7,680,000	3.20%	815,446	8,495,446	2.00	7,105,000	3.20%	1,392,905	8,497,905	2.00	6,505,000	3.20%	1,992,355	8,497,355	2.00
6/15/2015	7,930,000	3.42%	569,686	8,499,686	2.00	7,330,000	3.42%	1,165,545	8,495,545	2.00	6,715,000	3.42%	1,784,195	8,499,195	2.00
6/15/2016	8,200,000	3.64%	298,480	8,498,480	2.00	7,580,000	3.64%	914,859	8,494,859	2.00	6,945,000	3.64%	1,554,542	8,499,542	2.00
6/15/2017						7,860,000	3.87%	638,947	8,498,947	2.00	7,195,000	3.87%	1,301,744	8,496,744	2.00
6/15/2018						8,165,000	4.10%	334,765	8,499,765	2.00	7,475,000	4.10%	1,023,297	8,498,297	2.00
6/15/2019											7,780,000	4.35%	716,822	8,496,822	2.00
6/15/2020											8,120,000	4.66%	378,392	8,498,392	2.00
Totals	\$52,520,000		\$6,894,074	\$59,414,074		\$64,590,000		\$11,792,168	\$76,382,168		\$75,045,000		\$18,312,760	\$93,357,760	
Dated Date			7/1/2009					7/1/2009					7/1/2009		
Delivery Date			7/1/2009					7/1/2009					7/1/2009		
Par Amount		\$52,520,000						\$64,590,000					\$75,045,000		
Debt Service Reserve		(5,252,000)						(6,459,000)					(7,504,500)		
Municipal Bond Ins. ⁴		(594,141)						(763,822)					(933,578)		
Issuance Expense ⁴		(437,780)						(556,950)					(702,270)		
Project Funds		\$46,236,079						\$56,810,228					\$65,904,652		

Assumptions:

- ¹ AAA NMD 01/27/2009 yields plus 60 bps credit and 75 bps timing.
- ² Gross debt service is shown.
- ³ Coverage calculated on a \$17 million dollar annual allocation.
- ⁴ Issuance Expenses subject to change, used for planning purposes only.

State of Iowa
Moral Obligation
Financing- Underground Storage Tank
83% of Revenues
January 28, 2009

Period Ending	\$78,741,080 Project Funding					\$97,044,434 Project Funding					\$112,931,115 Project Funding				
	Principal	Coupon ¹	Interest	Debt Service ²	Coverage ³	Principal	Coupon ¹	Interest	Debt Service ²	Coverage ³	Principal	Coupon ¹	Interest	Debt Service ²	Coverage ³
6/15/2010	\$11,695,000	2.30%	\$2,307,048	\$14,002,048	1.21	\$10,875,000	2.30%	\$3,087,235	\$13,962,235	1.22	\$10,015,000	2.30%	\$3,909,033	\$13,924,033	1.22
6/15/2011	11,960,000	2.30%	2,145,368	14,105,368	1.21	11,125,000	2.30%	2,980,703	14,105,703	1.21	10,245,000	2.30%	3,860,504	14,105,504	1.21
6/15/2012	12,235,000	2.44%	1,870,288	14,105,288	1.21	11,385,000	2.44%	2,724,828	14,109,828	1.20	10,485,000	2.44%	3,624,869	14,109,869	1.20
6/15/2013	12,535,000	2.63%	1,571,754	14,106,754	1.21	11,660,000	2.63%	2,447,034	14,107,034	1.21	10,740,000	2.63%	3,369,035	14,109,035	1.20
6/15/2014	12,865,000	2.90%	1,242,083	14,107,083	1.21	11,965,000	2.90%	2,140,376	14,105,376	1.21	11,020,000	2.90%	3,086,573	14,106,573	1.21
6/15/2015	13,240,000	3.12%	868,998	14,108,998	1.20	12,315,000	3.12%	1,793,391	14,108,391	1.20	11,340,000	3.12%	2,766,993	14,106,993	1.21
6/15/2016	13,650,000	3.34%	455,910	14,105,910	1.21	12,700,000	3.34%	1,409,163	14,109,163	1.20	11,695,000	3.34%	2,413,185	14,108,185	1.20
6/15/2017						13,125,000	3.57%	984,983	14,109,983	1.20	12,085,000	3.57%	2,022,572	14,107,572	1.21
6/15/2018						13,590,000	3.80%	516,420	14,106,420	1.21	12,515,000	3.80%	1,591,137	14,106,137	1.21
6/15/2019											12,990,000	4.05%	1,115,567	14,105,567	1.21
6/15/2020											13,520,000	4.36%	589,472	14,109,472	1.20
Totals	\$88,180,000		\$10,461,449	\$98,641,449		\$108,740,000		\$18,084,133	\$126,824,133		\$126,650,000		\$28,348,940	\$154,998,940	
	Dated Date		7/1/2009			Dated Date		7/1/2009			Dated Date		7/1/2009		
	Delivery Date		7/1/2009			Delivery Date		7/1/2009			Delivery Date		7/1/2009		
	Par Amount		\$88,180,000			Par Amount		\$108,740,000			Par Amount		\$126,650,000		
	Debt Service Reserve		(8,818,000)			Debt Service Reserve		(10,874,000)			Debt Service Reserve		(12,665,000)		
	Municipal Bond Ins. ⁴		0			Municipal Bond Ins. ⁴		0			Municipal Bond Ins. ⁴		0		
	Issuance Expense ⁴		(620,920)			Issuance Expense ⁴		(821,566)			Issuance Expense ⁴		(1,053,885)		
	Project Funds		\$78,741,080			Project Funds		\$97,044,434			Project Funds		\$112,931,115		

Assumptions:

- ¹ AAA MMD 01/27/2009 yields plus 30 bps credit and 75 bps timing.
- ² Gross debt service is shown.
- ³ Coverage calculated on a \$17 million dollar annual allocation.
- ⁴ Issuance Expenses subject to change, used for planning purposes only.

State of Iowa
Moral Obligation
Financing- Underground Storage Tank
50% of Revenues
January 28, 2009

Period Ending	\$47,367,820 Project Funding					\$58,378,425 Project Funding					\$67,951,260 Project Funding				
	Principal	Coupon ¹	Interest	Debt Service ²	Coverage ³	Principal	Coupon ¹	Interest	Debt Service ²	Coverage ³	Principal	Coupon ¹	Interest	Debt Service ²	Coverage ³
6/15/2010	\$7,045,000	2.30%	\$1,389,787	\$8,434,787	2.02	\$6,550,000	2.30%	\$1,859,469	\$8,409,469	2.02	\$6,035,000	2.30%	\$2,354,636	\$8,389,636	2.03
6/15/2011	7,205,000	2.30%	1,292,393	8,497,393	2.00	6,700,000	2.30%	1,795,306	8,495,306	2.00	6,170,000	2.30%	2,325,349	8,495,349	2.00
6/15/2012	7,370,000	2.44%	1,126,678	8,496,678	2.00	6,855,000	2.44%	1,641,206	8,496,206	2.00	6,315,000	2.44%	2,183,439	8,498,439	2.00
6/15/2013	7,550,000	2.63%	946,850	8,496,850	2.00	7,025,000	2.63%	1,473,944	8,498,944	2.00	6,470,000	2.63%	2,029,353	8,499,353	2.00
6/15/2014	7,750,000	2.90%	748,285	8,498,285	2.00	7,210,000	2.90%	1,289,187	8,499,187	2.00	6,640,000	2.90%	1,859,192	8,499,192	2.00
6/15/2015	7,975,000	3.12%	523,535	8,498,535	2.00	7,415,000	3.12%	1,080,097	8,495,097	2.00	6,830,000	3.12%	1,666,632	8,496,632	2.00
6/15/2016	8,225,000	3.34%	274,715	8,499,715	2.00	7,650,000	3.34%	848,749	8,498,749	2.00	7,045,000	3.34%	1,453,536	8,498,536	2.00
6/15/2017						7,905,000	3.57%	593,239	8,498,239	2.00	7,280,000	3.57%	1,218,233	8,498,233	2.00
6/15/2018						8,185,000	3.80%	311,030	8,496,030	2.00	7,540,000	3.80%	958,337	8,498,337	2.00
6/15/2019											7,825,000	4.05%	671,817	8,496,817	2.00
6/15/2020											8,140,000	4.36%	354,904	8,494,904	2.00
Totals	\$53,120,000		\$6,302,243	\$59,422,243		\$65,495,000		\$10,892,227	\$76,387,227		\$76,290,000		\$17,975,428	\$93,365,428	
	Dated Date		7/1/2009			Dated Date		7/1/2009			Dated Date		7/1/2009		
	Delivery Date		7/1/2009			Delivery Date		7/1/2009			Delivery Date		7/1/2009		
	Par Amount		\$53,120,000			Par Amount		\$65,495,000			Par Amount		\$76,290,000		
	Debt Service Reserve		(5,312,000)			Debt Service Reserve		(6,549,500)			Debt Service Reserve		(7,629,000)		
	Municipal Bond Ins. ⁴		0			Municipal Bond Ins. ⁴		0			Municipal Bond Ins. ⁴		0		
	Issuance Expense ⁴		(440,180)			Issuance Expense ⁴		(567,075)			Issuance Expense ⁴		(709,740)		
	Project Funds		\$47,367,820			Project Funds		\$58,378,425			Project Funds		\$67,951,260		

Assumptions:

- ¹ AAA MMD 01/27/2009 yields plus 30 bps credit and 75 bps timing.
- ² Gross debt service is shown.
- ³ Coverage calculated on a \$17 million dollar annual allocation.
- ⁴ Issuance Expenses subject to change, used for planning purposes only.

C. Shared Liability Sites – Transfer Agreement Revision

AGREEMENT

This Agreement is entered into by and between the Iowa Comprehensive Petroleum Underground Storage Tank Fund Board ("Board"), an Iowa governmental agency created pursuant to Iowa Code chapter 455G, and Petroleum Marketers Management Insurance Company ("PMMIC"), a licensed, for-profit insurance company. This Agreement is effective as of the date it is fully executed by all parties.

WHEREAS, Iowa Code section 455G.6(17) (2007) authorizes the Board to adopt rules providing for the transfer of all or a portion of the liabilities of the Board, and the Board has adopted rules contained in 591 Iowa Admin. Code 9 providing for the transfer of the Board's liabilities to third parties; and

WHEREAS, PMMIC and the Board desire to enter into this Agreement allowing for the transfer of liabilities for UST sites containing contamination from petroleum underground storage tanks for which the following two conditions exist: (1) a party is currently receiving Board benefits (the "Claimant"), and (2) an eligible insurance claim exists with PMMIC; and

WHEREAS, the Board evaluated the transfer of such liabilities pursuant to the criteria contained in 591 Iowa Admin. Code 9.3, and deems the transfer to be in the best interest of the program; and

WHEREAS, the Board has considered the practicability of seeking competitive public bids pursuant to 591 Iowa Admin. Code 9.5, and determines public bidding is not practical because the Claimant already has an eligible insurance claim with PMMIC, PMMIC is already involved in funding a portion of the corrective actions at the site, a transfer of liabilities to PMMIC will provide a single source of funding and management to the claim, and it is unlikely another party can provide as efficient and cost-effective services under the circumstances;

THEREFORE, in consideration of the commitments made herein, the Board and PMMIC agree as follows:

1. **Term.** The term of this Agreement shall begin upon its execution by both parties hereto and shall run for one calendar year from the date of execution. At its sole discretion, the Board shall have the option to extend this Agreement for additional one-year terms. In addition to the Board's option to extend this Agreement, the Board and PMMIC may mutually agree to extensions of this Agreement. An extension of this Agreement is not, itself, a separate agreement, and does not require public bidding. Either party may terminate this Agreement, with or without cause, upon thirty (30) days notice to the other party.

2. **Third Party Review.** For UST sites covered by this Agreement, the Board and PMMIC will contract with a mutually selected third party to evaluate the nature and scope of the contamination.

a. Upon completion of the review, the third party will recommend an allocation of liability for reimbursement of corrective action costs between the Board and PMMIC. If

the proposed allocation is acceptable to both the Board and PMMIC, they shall adopt the recommendation of the third party pursuant to the terms of this Agreement.

b. Notwithstanding the provisions of paragraph 2(a) of this Agreement, if the adopted allocation shows either the Board or PMMIC is 5% or less liable for reimbursement of corrective action costs at the site, and the total estimated corrective action costs are less than \$100,000, that party shall not be responsible for any costs associated with the review or future corrective action costs, and the entirety of those costs shall be the responsibility of the party found to be 95% or more responsible by the reviewer.

3. **Claimant Release.** If the Board and PMMIC agree to the transfer of the Board's liabilities to reimburse claims to PMMIC pursuant to Iowa Code section 455G.6(17) (2007), the Claimant shall be made fully aware of the findings of the third-party review, the terms and conditions of this Agreement, and the impact such a transfer will have on their benefits from the Board as follows:

a. The Board shall inform the Claimant of the findings of the third-party review and the proposed transfer of liabilities to PMMIC. The Board shall then obtain the Claimant's agreement to such transfer by execution of the Claimant Agreement, Waiver and General Release attached hereto as Exhibit A.

b. PMMIC shall provide a complete copy of this fully executed Agreement to the Claimant, and enter into a separate agreement (attached hereto as Exhibit B) with the Claimant establishing his or her right to receive reimbursement for corrective action costs in accordance with the liabilities assumed by PMMIC in this Agreement. The terms of the agreement shall contain a clear disclosure regarding the applicability of Iowa Code chapter 515B in the event PMMIC becomes insolvent; and

c. PMMIC shall provide the Board with a fully executed copy of the agreement entered into pursuant to subsection "b" of this paragraph.

4. **Transfer of Liabilities.** Each site, for which the provisions of paragraphs 2 and 3 of this Agreement have been satisfied, shall be added to a schedule attached hereto and marked as Exhibit C.

a. For each site contained in the schedule, PMMIC shall assume any and all known and unknown liabilities of the Board under Iowa Code sections 455G.9 and 455G.21 to reimburse Claimants. PMMIC shall assume no less liability to reimburse the Claimant than the Board's liabilities as outlined in Iowa Code sections 455G.9 and 455G.21 and 591 Iowa Administrative Code 11.

b. As used in this Agreement, the "liabilities" of the Board being transferred to PMMIC are all present and future duties of the Board to reimburse Claimants for corrective action costs pursuant to Iowa Code sections 455G.9 and 455G.21. Liabilities

Nothing has gone faster w CPT sites than DVR
would have accomplished.
"Bean Count" 2 - Reduced administration. 027

that may be created by future amendments to sections of 455G other than sections 455G.9 or 455G.21 are not liabilities transferred pursuant to this Agreement.

c. Notwithstanding language in this Agreement to the contrary, this Agreement does not apply to reimbursement claims for the permanent closure of a UST system pursuant to Iowa Code section 455G.9(1)(l) (2007), or for assessment and corrective action costs conducted pursuant to an agreement with the Iowa Department of Natural Resources as authorized by Iowa Code section 455G.9(1)(k) after a no further action certificate has been issued. The Board will retain liability for such claims and activities unless otherwise agreed to by the parties in writing, and included in the attached schedule, Exhibit C.

d. By assuming the Board's liabilities in this paragraph 4, PMMIC hereby agrees to assume any and all related responsibilities and activities of the Board related to those liabilities, including but not limited to, project funding and management, claim adjustment, and consultation with Claimant, contractors and the Iowa Department of Natural Resources. PMMIC's liabilities and responsibilities, however, are not subject to future amendments to Iowa Code chapter 455G or Board rules, and PMMIC is not restricted from offering benefits in excess of the statutory and regulatory authority granted to the Board.

e. The Board shall continue to allow PMMIC and the Claimant access to, and copies of, information contained in Board documents and files related to the site. The Board, however, shall cease to maintain any other ongoing duty whatsoever to PMMIC or the Claimant for those liabilities transferred.

5. **Transfer of Funds.** For each site added to the schedule identified in Paragraph 4 of this Agreement, the Fund shall pay PMMIC a one-time payment for the transfer of liabilities in an amount to be determined according to a mutually agreeable estimate of required actions to reach No Action Required classification. The initial estimate shall be provided by the consultant(s) providing service to the claimant(s) at the site. The parties may seek additional estimates if one or both parties think it would be advantageous to an equitable transfer. The estimate shall include future activities, timing of activities and costs of activities. The projected schedule of activities and costs will be present valued, using the most recently published CAFR investment rate. The parties may mutually agree upon inflation rate, if the estimate does not address the presence or lack of potential inflation. Additionally, the parties may also agree upon a risk factor to be included in calculations when there is consensus that risk significant risk exists that may result in the estimate being exceeded or falling well short based on potential early closure or additional work being required.

a. If the payment offered for the transfer of liabilities is accepted by PMMIC, PMMIC agrees to accept that payment as the full and final payment it will receive from the Board for its assumption of the Board's liabilities. PMMIC hereby waives any and all rights it may have, or may ever have, to seek additional funds from the Board in relation to the liabilities transferred. This waiver includes any additional funds from the Board

for future amendments to Iowa Code sections 455G.9 or 455G.21 that would otherwise grant increased benefits from the Board for the liabilities transferred to PMMIC.

b. For liabilities transferred to PMMIC, the Board waives any refund of funds from PMMIC for future amendments to Iowa Code sections 455G.9 or 455G.21 that may reduce PMMIC's liability to Claimants.

6. **Annual Reporting.** PMMIC agrees to provide the Board with ongoing information and data for each site listed in the attached schedule, Exhibit C, that will allow the Board to accurately determine the amounts paid by PMMIC for liabilities transferred to PMMIC under this Agreement. Such information and data shall be provided for each site on at least an annual basis from the date of this Agreement until the site achieves a No Further Action designation. Upon mutual agreement between PMMIC and the Board, such information and data may be shared on a more frequent or ongoing basis.

7. **General Release.** In consideration for receipt of the funds described in paragraph 5 of this Agreement, PMMIC hereby releases, acquits, and forever discharges the Board and its officers, employees, assigns, agents, and successors in interest from any and all claims, rights, demands, actions, obligations, liabilities, and causes of action of any and every kind, nature, and character whatsoever, known or unknown, whether based on federal, state, or local law, or for claims based on tort, contract (implied, oral, or written), or any other theory of recovery, and whether for compensatory or punitive damages, for any matter related to or concerning the sites covered by this Agreement.

8. **Indemnification.** PMMIC agrees to indemnify and hold harmless the Board against any and all loss, liability, expenses and costs (including attorneys' fees, judgments and amounts paid in settlement) actually and reasonably incurred by the Board in connection with any threatened, pending, completed or future action, suit, or proceeding to which the Board is, or is threatened to be, made a party arising from or related to the liabilities transferred in paragraph 4 of this Agreement.

9. **Dispute Resolution.** Notwithstanding any language in this Agreement to the contrary, PMMIC does not waive any claims or actions that specifically arise from or concern the terms of this Agreement. The Party agree that the proper venue for any lawsuit is only Polk County District Court.

10. **Addresses.** The Party' address and fax numbers for official communications and notices are:

PMMIC
2894 - 106th Street
PO Box 7628
Urbandale, IA 50323
(Tel.) 515-334-3001
(Fax) 515-334-3013

Iowa Underground Storage
Tank Fund Board
2700 Westown Parkway, Suite 320
West Des Moines, IA 50266
(Tel.) 515-225-9263
(Fax) 515-225-9361

Either party may change their address or fax number by notifying the other party, in writing, of any change.

11. **Public Record.** The parties acknowledge this Agreement is a public record under Iowa Code chapter 22, and is available for public inspection and copying.

12. **Titles.** Paragraph titles are provided for the parties convenience and do not limit the scope or meaning of any paragraph.

13. **Joint Drafting.** This Agreement was drafted jointly by the parties and shall not be construed in favor of, or against, either party because of which party was responsible for drafting a particular portion of the Agreement.

14. **Complete Agreement.** This Agreement reflects the parties entire agreement on this matter and may not be altered or amended except by a subsequent written document signed by all parties to the Agreement.

15. **Authority to Sign.** The parties, and their representatives, by signing below, acknowledge that they have complied with all the legal requirements for approval of this Agreement and that their representatives are authorized to bind their respective agencies or bodies by their signatures to this contract.

16. **Applicable Law.** This Agreement shall be governed by, and construed in accordance with, Iowa law.

17. **Execution.** All parties are executing this Agreement solely in reliance upon their own knowledge, belief and judgment and not upon any representations made by any of the other party hereto or others on their behalf.

IOWA UNDERGROUND STORAGE
TANK FUND BOARD

PETROLEUM MARKETERS
MANAGEMENT INSURANCE CO.

By: _____
Scott Scheidel, Fund Administrator

By: _____
Patrick Rounds, President

Date: _____

Date: _____

AGREEMENT, WAIVER AND GENERAL RELEASE

This Agreement, Waiver and General Release ("Agreement") is entered into by and between the Iowa Comprehensive Petroleum Underground Storage Tank Fund Board ("Board"), an Iowa governmental agency created pursuant to Iowa Code chapter 455G, and [NAME], of [City] ("Claimant"). This Agreement is effective as of the date it is fully executed by all parties.

WHEREAS, Claimant is currently receiving benefits from the Board to reimburse corrective action costs for a site at [ADDRESS], [REG AND LUST #S], ("Site");

WHEREAS, Iowa Code section 455G.6(17) (2007) authorizes the Board to adopt rules providing for the transfer of all or a portion of the liabilities of the Board, and the Board has adopted rules contained in 591 Iowa Admin. Code 9 providing for the transfer of the Board's liabilities to third parties. Claimant acknowledges a copy of Iowa Code 455G.5(17) (2007) and 591 Iowa Admin. Code 9 have been provided with this Agreement for reference and review; and

WHEREAS, PMMIC and the Board desire to enter into an Agreement allowing for the transfer of Board liabilities to PMMIC to provide a single source of funding and management to the corrective action activities at the Site;

THEREFORE, in consideration of the commitments made herein, the Board and Claimant agree as follows:

1. **Consent to Transfer of Liabilities.** Claimant hereby consents to PMMIC assuming any and all liabilities of the Board contained in Iowa Code sections 455G.9 and 455G.21 to reimburse Claimant for corrective action costs.

a. Claimant understands that upon completion of the transfer of liabilities, PMMIC shall assume any and all related responsibilities and activities of the Board for the liabilities transferred, including but not limited to, project funding and management, claim adjustment, and consultation with Claimant, contractors and the Iowa Department of Natural Resources.

b. Claimant further understands the Board shall cease to maintain any ongoing duty whatsoever to Claimant in relation to the liabilities transferred, and Claimant will become ineligible to again receive benefits from the Board in relation to the Site for benefit claims made pursuant to Iowa Code sections 455G.9 or 455G.21.

c. Notwithstanding language in this Agreement to the contrary, this Agreement does not apply to reimbursement claims for the permanent closure of a UST system pursuant to Iowa Code section 455G.9(1)(l) (2007), or for assessment and corrective action costs conducted pursuant to an agreement with the Iowa Department of Natural Resources as authorized by Iowa Code section 455G.9(1)(k) after a no further action certificate has been issued. The Board will retain liability for such claims and activities unless otherwise agreed to by the Board and Claimant in writing.

2. **Waiver of Benefits.** In consideration for the transfer of funds described in paragraph 4 of this Agreement, Claimant hereby voluntarily waives any and all right to receive benefits from the Board pursuant to Iowa Code sections 455G.9 and 455G.21 and related regulations contained in Iowa Admin. Code chapter 591 upon signing this Agreement. Claimant understands that by consenting to the transfer of Board liabilities to PMMIC, PMMIC shall assume all duties and liabilities of the Board to provide benefits to Claimant pursuant to a separate agreement with the Claimant.

3. **Release of Claims.** In consideration for the transfer of funds described in paragraph 4 of this Agreement, Claimant hereby releases, acquits, and forever discharges the Board and its officers, employees, assigns, agents, and successors in interest from any and all claims, rights, demands, actions, obligations, liabilities, and causes of action of any and every kind, nature, and character whatsoever, known or unknown, whether based on federal, state, or local law, or for claims based on tort, contract (implied, oral, or written), or any other theory of recovery, and whether for compensatory or punitive damages, for any matter related to or concerning the liabilities transferred.

4. **Transfer of Funds.** In consideration for Claimant's waiver of benefits and release of claims in this Agreement, the Board hereby agrees to enter into an agreement with PMMIC providing for the transfer of liabilities and payment of a sum of money to PMMIC to be used by PMMIC to reimburse corrective action costs incurred by Claimant at the Site. The specific amount of money to be transferred to PMMIC will be separately negotiated between the Board and PMMIC in a separate agreement.

5. **No Representation of Future Right to Benefits.** With the exception of paragraph 1(c) of this Agreement, Claimant understands and agrees that upon completion of the transfer of Board liabilities to PMMIC, Claimant's continued eligibility to receive benefits pursuant to Iowa Code sections 455G.9 and 455G.21 is a matter to be determined exclusively between the Claimant and PMMIC. Claimant understands and agrees the Board has not made any representation regarding Claimant's future eligibility for, or receipt of, benefits.

6. **No Representation of Protection by Insurance Guaranty Association.** Claimant understands that upon transfer the Board's liabilities to PMMIC, Claimant's reimbursement for corrective action costs is subject to PMMIC's continued ability to pay for such costs. Claimant understands that in the event PMMIC becomes insolvent and is liquidated, Claimant may lose all rights to receive reimbursement. Claimant understands and agrees the Board has not made any representation regarding Claimant's future eligibility for recovery from the Iowa Guaranty Association, under Iowa Code chapter 515B, in the event PMMIC becomes insolvent and is liquidated.

7. **Public Record.** The parties acknowledge this Agreement is a public record under Iowa Code chapter 22, and is available for public inspection and copying.

8. **Titles.** Paragraph titles are provided for the parties' convenience and do not limit the scope or meaning of any paragraph.

9. **Complete Agreement.** This Agreement reflects the parties' entire agreement on this matter and may not be altered or amended except by a subsequent written document signed by all parties to the Agreement.

10. **Authority to Sign.** The parties, and their representatives, by signing below, acknowledge that they have complied with all the legal requirements for approval of this Agreement and that their representatives are authorized to bind their respective agencies or bodies by their signatures to this contract.

11. **Applicable Law.** This Agreement shall be governed by, and construed in accordance with, Iowa law.

12. **Execution.** Claimant is executing this Agreement solely in reliance upon Claimant's own knowledge, belief and judgment and not upon any representations made by the Board or others on the Board's behalf. Furthermore, Claimant acknowledges reading this entire Agreement, understanding the Agreement constitutes a contract, and enters into this Agreement voluntarily only after being advised by the Board of the right to consult an attorney to review the Agreement and having freely exercised this right.

PLEASE READ CAREFULLY. THIS AGREEMENT INCLUDES A WAIVER OF BENEFITS AND A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.

Claimant's Printed Name

Scott Scheidel, Administrator
Iowa Comprehensive Petroleum
Underground Storage Tank Fund Board

Claimant's Signature

DATE: _____

DATE: _____

I, _____, a notary public in and for the State of Iowa, do hereby
certify that _____ personally appeared before me this day and
acknowledged the due execution of the foregoing instrument.

Subscribed and Sworn to before me on this _____ day of _____, 200__.

Notary Public in and for the State of Iowa

My commission expires:

D. DNR Update

First two milestones
documented in the following...

INTERAGENCY MEMORANDUM

TO: IOWA DEPARTMENT OF NATURAL RESOURCES
IOWA UST FUND BOARD
IOWA DEPARTMENT OF PUBLIC HEALTH

FROM: PLASTIC WATER LINE RESEARCH COMMITTEE

SUBJECT: SUMMARY OF RESULTS OF LITERATURE REVIEW OF PLASTIC WATER LINES

DATE: 12/19/08

BACKGROUND

The Plastic Water Line Research Committee was formed at the request of the Assistant Director of the Department of Natural Resources and the Chairperson of the UST Petroleum Fund Board to look into the current information available regarding risk to plastic water lines, to summarize key findings, and to make initial recommendations based on the available information.

The Committee was a multi-faceted group comprised of the following members:

- Rochelle Cardinale, Iowa Department of Natural Resources, Underground Storage Tank Section
- James Gastineau, Aon Risk Services, Administrator's Office, Iowa UST Fund Board
- Roy Ney, Iowa Department of Natural Resources, Water Supply Engineering Section
- Stuart Schmitz, Iowa Department of Public Health

Based on our review of the available information, data and reported field occurrences are limited or rarely studied. Nonetheless, there are reports indicating permeation incidents and other impacts have occurred. A survey of states was completed by the Iowa Department of Natural Resources in 2007 requesting information on how plastic water lines are addressed in their respective states. Of the 25 states surveyed, 13 had indicated known impacts to plastic water lines. A number of laboratory studies have been conducted on pipe exposure to petroleum; however, these have been limited in duration to periods of a few years, while water lines may remain in the ground for decades. While many laboratory studies on the impact of petroleum to plastic water lines have been conducted since the 1970's, no national consensus standard has been created or adopted on what constitutes a risk to plastic water lines or other water lines. However, the Ten States Standard is a generally-accepted practice for new line installations and does present recommendations on installation of lines in contaminated areas. The available data, however, suggest plastic pipe and some of the other pipe materials used for water distribution systems may be subject to permeation from organic compounds, such as petroleum, solvents, and other industrial products. Our review of the available data found the following:

KEY FINDINGS

1. PE/PB pipe is prone to permeation from even low levels of contamination.^{1,24} Chemicals can permeate polybutylene (PB) pipes at below their aqueous solubility.² Gasoline compositions such as benzene, toluene, ethylbenzene, and total xylenes (BTEX) appear highly permeable to PB pipe, and vapors as well as aqueous solutions of solvents can permeate PB pipe.² Polyethylene (PE) can be permeated by natural gas odorants.³ There is strong literature and research evidence for a likely exceedance of the health standards for benzene in drinking water as a result of permeation through PE and PB pipes.²⁴ Research indicates that the time of breakthrough of contaminants through the pipe can be very fast with PE/PB.⁴ Most organic chemicals do not affect the structural integrity of semi-crystalline rubbery PE and PB pipe, but the chemicals may readily penetrate the walls of the pipes.⁵

NOTE: Current IDNR regulations prohibit the use of PB pipe for water mains and IDPH Health regulations prohibit the use of PB pipe for underground water service lines. There is the potential that PB pipe may have been used prior to these regulations or in areas not monitored by local regulatory agencies. PE pipe, however, is routinely used in smaller and rural communities for service pipe due to its cost and ease of handling and in limited instances in mains in settings such as river crossings.

2. The permeation mechanics differ for the various types of pipes. Permeation characteristics of the amorphous glassy polyvinyl chloride (PVC) polymer differ appreciably from those of the rubbery PB and PE polymers.⁵ Wall thickness may not have as great an effect on PE and PB permeation as it does with PVC.⁵

3. Research studies indicate PVC pipe is more resistant to permeation than PE/PB, but also that PVC is still vulnerable to permeation. References indicate PVC pipe can be permeated in gross soil contamination or under saturated conditions.⁶ Studies have shown that hydrocarbons (particularly aromatic hydrocarbons such as benzene and toluene) and halogenated hydrocarbons can soften, cause swelling, and permeate PVC.⁷ The aromatic hydrocarbons (such as benzene) and other chlorinated liquids are reported to be strong swelling agents for PVC.⁷ Studies indicate that permeation of PVC at low solute activity is so slow as to be practically non-existent⁷; however, some research members have a concern that the length of the studies was not sufficient to say this would be true over the expected life of the pipe.

4. Chemical activity levels play a role in permeation.^{2,5,7,8,9} Activity is a dimensionless quantity whose magnitude is equal to molar concentration in an ideal solution, equal to partial pressure in an ideal gas mixture, and defined as 1 for pure solids or liquids.¹⁰ Higher concentrations of petroleum contamination in soil and groundwater appear to equate to higher activity levels.

5. PVC pipe can be susceptible to brittle failure^{11,12}. Plastic pipe experiences a dramatic decrease in impact strength as the temperature gets colder, and certain plastic pipes may become increasingly brittle. The impact strength is four times less at -10°C (15°F) than at room temperature – or 20°C (68°F).^{11,12} Plasticizers added to the pipe material may reduce this effect.¹¹ AWWA C900 and ASTM 2241 PVC pipe are produced by an extrusion process that elongates the grain of the material matrix, creating this inherent weakness.²¹ If the PVC line is pressurized and is installed below the frost line, brittle failure may not be as big a concern.

6. Synergistic effects of chemicals can enhance the likelihood of permeation. Studies have shown many permeation incidents occurred where more than one chemical was present.⁵ That pesticides and chlorinated organics can mix with petroleum and impact/permeate plastic pipes is

documented by Park et al (1991).² Studies have shown PVC can become more permeable than PE pipe when BTEX and 1,3-dichlorobenzene (a common solvent) are mixed.^{6,28} The addition of a readily permeable organic chemical to a mixture of relatively non-permeable organic chemicals was shown in laboratory experiments to increase the rate of permeation.^{2,3} One of the reported permeation field incidents occurring in Marion County, Iowa, was at a mixed-chemical facility with fertilizer being carried in petroleum.¹³ The PVC line was observed to have swelling part way through the wall, and a fracture through the wall of the pipe.¹³ Whether the chemicals the pipe was exposed to or an inherent weakness in the pipe were the cause of the fracture or permeation is unknown.

7. Studies indicate all types of gaskets used in pipe distribution systems are at risk. Studies indicate that gaskets have a high intrinsic permeability to organic contaminants and, in areas of gross contamination, can be permeated by components associated with petroleum contamination.⁷ Observation of gaskets at the ISU Research Laboratory showed all gaskets exhibited some swelling after exposure to petroleum.²⁴ Long-term exposure to gasoline resulted in all gasket types failing to meet minimum requirements for tensile strength.¹⁴ Nitrile and fluorocarbon gaskets were shown to be less susceptible to permeation than styrene-butadiene-rubber (SBR) gaskets, with fluorocarbon gaskets providing the best protection against permeation.¹⁵ One of the additional effects from petroleum exposure to gaskets presented in studies is that chemicals of concern may leach out of SBR or nitrile gaskets as part of the petroleum deterioration process.¹⁶

The gasket is not always the primary pathway for permeation⁸; however, the impact of permeation may be severe for small-diameter pipes with low flow.¹⁷ Reports indicate that stagnant water in service lines are more at risk than the water in mains owing to several factors, primarily that they do not have as much flow-through for dilution of the permeates.^{17, 27}

8. Significant early permeation through asbestos-cement (A/C) pipe has been documented upon immersion in several liquid organic solvents.^{3,7,18,19,20,21} It appears warranted this type of pipe also be considered in risk assessment to water lines.

9. Where heavy soil contamination occurs, no pipe system should be considered resistant to permeation.⁶

RECOMMENDATIONS

- A Technical Advisory Group should be formed to consider the recommendations and questions from this research review in greater detail. This group could include staff from the IDNR UST Section, Contaminated Sites Section, Water Supply Engineering Section, UST Fund, IDPH, Iowa Section of the American Water Works Association (AWWA), Iowa Rural Water Association, American Council of Engineering Companies (ACEC) of Iowa, Uni-Bell PVC Pipe Association, Ductile Iron Pipe Research Association, and gasket manufacturers' representatives, and other experts in the field, such as the researchers of the ISU Study and engineers from the Madison Group.
- Plastic water lines (and asbestos-cement pipes) do not react the same when exposed to petroleum; the mechanisms of permeation are sufficiently different. The IDNR Tier 1 action levels for exposure to plastic water lines should be revisited. Different Tier 1 levels for different types of plastic pipe as well as different procedures for addressing lines and gaskets may be warranted.
- Wherever possible, installation of water lines should be avoided in areas where non-aqueous phase liquids (NAPLs) or gross soil contamination are present.

- Organic contaminant-resistant gaskets should be used for water pipe systems in areas of contamination. Nitrile gaskets should be used in areas with low solvent activity, and fluorocarbon gaskets should be used in areas with higher levels of solvent activity (regardless of pipe material).
- If there is the potential on a site for contamination from several sources and chemicals in addition to those found in petroleum products, samples should be collected to evaluate the presence and levels of those chemicals to see if the potential for commingling problems warrant pipe removal.
- This memo should be distributed for comments to the members of NEIPWWC (Drinking Water Program and Tanks Program) and to States contacted for the DNR National PWL Survey. Direct input should also be requested from the State of South Dakota and Missouri on their existing and proposed policies.

QUESTIONS/ADDITIONAL RESEARCH

1. What constitutes gross soil contamination and saturated conditions?
2. What role do chemical activities play in the potential for permeation? The levels at which these promote an environment of permeation is worth more exploration. Studies seem to conflict on whether permeation occurs only at higher values, i.e., 0.3, or can occur at levels below 0.10, if given more time of exposure.²² Many of these studies are conducted for only a few years time, when actual exposure to pipes may occur over a much longer period. Softening has reportedly not been observed at an activity level of 0.05 or lower.²² South Dakota's lookup tables appear to use a value lower than 0.1.²³
3. There are many logistical issues surrounding the potential for permeation of gaskets that may need to be considered. Contamination via gaskets doesn't seem to occur as often as one would expect considering their reported susceptibility, so requiring every gasket to be removed and replaced is problematic. The extent to which ductile iron water lines and other types of pipes with gaskets might be impacted is not readily known, because these lines have generally not been explored. It may also be worth reviewing whether water use patterns and cycling of the main water system (loops) should be accounted for in estimating contaminant infiltration.
4. Study Limitations. Studies acknowledge limitations of laboratory experiments in that it can take years for an impact to occur, and a multi-year study in a lab cannot predict all of the potential circumstances.²⁴ This was reaffirmed by Professor Ong, who headed the ISU study, in various communications in 2006.
5. Correlation between predicting permeation and actual exposure. It is difficult to accurately predict the degree of permeation and subsequent contamination of drinking water.³
6. Diffusion Coefficients. Some articles discuss that factoring in diffusion coefficients for organic chemicals through both saturated and unsaturated soils should be considered.²⁵ Soils generally decrease air or water diffusion coefficients by 1 or 2 orders of magnitude.²⁵ Diffusion coefficients through stagnant water are on the order of 10^{-5} .²⁵ This concept is an option for further research.
7. Organic content and the sorption of BTEX in soils. References state the sorption of BTEX by soils decreases the soil-pore-water BTEX concentration and thus decreases the permeation rate of

BTEX.²⁵ These same resources state high organic matter in soil cannot protect pipes from permeation since the soil would reach its maximum adsorption capacity for organic chemicals.^{4,25} Some references state where pipes are to be installed below the water table or where the site is subject to frequent water logging, it is recommended the soil-pore-water be sampled and analyzed.²⁶ References also state that only in cases where neither soil gas nor soil-pore-water samples can be taken should soil samples be collected and analyzed.²⁶ The question of whether soil sampling is the most appropriate method for establishing permeation susceptibility is an option for further investigation.

8. Current regulations. References discuss looking at the Ten States Standards and the Uniform Plumbing Code. Are they sufficient and enforced? This concept is an option for further investigation.

9. Clay Barriers. Resources recommend using clay barriers within the utility corridor before the metal piping connects back to plastic material.²⁰ This concept is an option for further investigation.

10. Vapor Permeation. Several reports and field examples indicate that vapors can permeate pipes.^{1,2,7,21,25} This mode of transport is an option for further investigation.

REFERENCE AND RESOURCE LIST

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2. "Permeation of Polybutylene Pipe and Gasket Material by Organic Chemicals", Jae K. Park, Laurent Bontoux, T.M. Hosen, D. Jenkins, and Robert E. Selleck, Journal of the American Water Works Association, Vol. 83, No. 10, 1991.
3. "Joints in Water Supply and Sewer Pipelines: An Australian Perspective, D. DeSilva, L.S. Burn, and M. Eiswirth", CSIRO Division of Building Construction and Engineering, AGK, Karlsruhe University, Germany.
4. "Permeation of Petroleum-Based Aromatic Compounds through Polyethylene Pipes under Simulated Field Conditions", Feng Mao, James A. Gaunt, and Say Kee Ong, Department of Civil, Construction, and Environmental Engineering, Iowa State University, Ames, IA, 2007.
5. "Analyzing the Permeation of Organic Chemicals Through Plastic Pipes", Robert E. Selleck and Benito J. Marinas, Journal of the American Water Works Association, Vol. 83, No. 7, 1991.
6. "Statement N, Permeation in Plastic Pipe Used for Potable Water", Plastics Pipe Institute, originally adopted July, 1984, reaffirmed May 2002.
7. "Prediction of Organic Chemical Permeation through PVC Pipe", Alan R. Berens, Journal of the American Water Works Association, Vol. 77, No. 11, 1985.
8. "Contamination of Potable Water by Permeation of Plastic Pipe", Thomas M. Holsen, Jae Kwang Park, David Jenkins, and Robert E. Selleck, Journal of the American Water Works Association, Vol. 83, No. 8, 1991.
9. "Activity (chemistry)", Wikipedia, [http://en.wikipedia.org/wiki/Activity_\(chemistry\)](http://en.wikipedia.org/wiki/Activity_(chemistry))
10. "Activity", Chemistry Definitions – The Chemical Institute of Canada, http://home.nas.net/~dbc/cic_hamilton/dictionary/a.html
11. "Failure of PVC Pipe", The Madison Group, web posting, <http://www.madisongroup.com/failure/casepipe/pipeanalysis.html>
12. "Review of Water Industry Plastic Pipe Practices #104", AWWA Research Foundation, <http://www.awwarf.org/research/TopicsAndProjects/projectSnapshot.aspx?pn=104>
13. Marion County, Field Office 5 had a case of fertilizer/pesticide soil contamination with petroleum as a carrier that permeated a PVC drinking water pipe. FO5 has a piece of the pipe that was permeated.
14. "Permeation of Organic Contaminants through Gasketed Pipe Joints", Edward C. Glaza and Jae K. Park, Journal of the American Water Works Association, Vol. 84, No. 7, 1992.
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16. "A New Threat to Drinking Water: Petroleum Hydrocarbon Permeation of Non-Metallic Public and Private Water Lines", Bill Hammer, Montana Underground Storage Tank Program Newsletter, Fall Issue 2005, www.deq.state.mt.us/UST/MUSTFall2005.pdf
17. "Effect of Distribution on Organic Contaminants in Potable Water", DWI0032, Foundation for Water Research, UK, March 1990.
18. "Performance of Plastic Pipes and Pipe Gaskets in Hydrocarbon Contamination: Field Experience and Laboratory Studies", James A. Gaunt, Feng Mao, Department of Civil, Construction, and Environmental Engineering, Iowa State University, Ames, IA, 2007.
19. "Permeation and Leaching", EPA Office of Water (4601M), Office of Groundwater and Drinking Water, Distribution System Issue Paper, August 15, 2002.
20. "DEQ-PRS Technical Guidance Document #16, Permeation of Waterlines by Petroleum Constituents", Montana Underground Storage Tank Program, www.deq.state.mt.us/LUST/TechGuidDocs/Techguid16.pdf

21. "Practical Design of Water Distribution Systems", ANSI/AWWA C110-C900; and "Protection of Water Main and Water Service Lines, EPA, Section 653.119.
22. "Additional Studies on the Softening of Rigid PVC by Aqueous Solutions of Organic Solvents", Special Report 95-9, US Army Corps of Engineers, Louise V. Parker and Thomas A. Ranney, March 1995.
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24. "Impact of Hydrocarbons on PE/PVC Pipes and Pipe Gaskets", Say Kee Ong, James A. Gaunt, Feng Mao, and Chu-Lin Cheng and Lida Esteve-Agelet and Charles R. Hurburgh, American Water Works Research Foundation, 2008.
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26. "Effect of Organic Chemicals in Contaminated Land on Buried Services", DWI0441, Foundation for Water Research, UK, March 1990.
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28. "Drinking Water Distribution Systems: Assessing and Reducing Risks", Water Science and Technology Board, http://books.nap.edu/openbook.php?record_id=11728.

NOTE: A special acknowledgment to the Utility Corridor Risk Assessment Introduction and Bibliography as prepared by Missouri Department of Natural Resources. These resources were a thorough starting point for this team's efforts.

<http://www.dnr.mo.gov/env/hwp/docs/introduction.pdf>

<http://www.dnr.mo.gov/env/hwp/docs/bibliography.pdf>



STATE OF IOWA

CHESTER J. CULVER, GOVERNOR
PATTY JUDGE, LT. GOVERNOR

DEPARTMENT OF NATURAL RESOURCES
RICHARD A. LEOPOLD, DIRECTOR

MEMO

Date: January 30, 2009
From: Elaine Douskey, UST Section Supervisor
To: Scott Scheidel, Iowa Comprehensive UST Fund Administrator
Brian Tormey, Chief, Land Quality Bureau
Re: 28E for SFY09 Funding - **Low Risk Sites**

Is there a quicker way to close these?

~ 400 classified LR w monitoring

Per 28E agreement, (Milestone 1.a), the Department was tasked with looking at a subset of low risk sites for which monitoring has been conducted for more than five years and identify some conditions under which these sites may be eligible for closure on a case-by-case basis. Staff also focused on assessing what discretion the DNR has to reclassify low risk sites under existing rules and what rule changes might be necessary to allow reclassification based on sound policy.

As a general rule, low risk sites are being monitored for two purposes: 1) to evaluate the current soil and groundwater concentrations to determine if they fall below applicable target levels which would allow the site to meet no action required classification criteria; and 2) to monitor existing land use to determine if high risk receptors may have been installed within the "area of concern" which is usually the actual and modeled plume defined to the applicable target level. Where reclassification is sought based on contaminant levels, monitored concentrations must fall below the "site-specific target level" and meet "exit criteria". See 135.12(6). A primary issue is the exit monitoring criteria in 135.12(6) and whether more discretion and flexibility can be applied as opposed to a strict application of the rule.

For sites where there is no reasonable prospect that concentrations will fall below applicable target levels, the low risk monitoring purpose is primarily to monitor future land use and possibly whether the plume is moving in unexpected ways. The focus is to look at current policy and practices to determine if institutional controls (IC) such as environmental covenants could be applied which might involve using the new model to shrink the modeled plume. Other ideas considered might involve changing rules to grant a "conditional NFA" and arriving at some alternative means to monitor land use. Granting a "conditional NFA" may also require some rethinking or clarification of the "NFA Reopening" 28E agreement to specifically recognize conditions in which a proposed change in land use (i.e., receptor installation) may just require reopening to reassess those future conditions. These ideas would require significant changes in current rule and policy.

Waiver - variance

Is there an easier way to more than forward
042

Staff examined nearly fifty (50) low risk sites that have been subject to monitoring requirements for several years. The objective was to determine if there were common data trends or conditions which may lead to reclassifying the site 'no action required', while being cognizant of the primary goal to prevent current and future risks.

Findings and comments:

- Data sets were often incomplete - all the monitoring wells (MWs) required to be sampled per monitoring plan were not sampled; critical monitoring wells had been destroyed and not replaced; vapor sampling could not be completed due to high groundwater, etc. In practice, the DNR would NOT consider these sites likely candidates for reclassification; that is, there is insufficient data to determine/ or make a judgment about the likelihood of future risk. Further, it stresses the point that if it is expected a site can qualify for an 'early out', then it is prudent to collect the appropriate data at timely and required intervals.
- Only seven (7) sites showed that site specific target levels (SSTLs) were met in all monitoring wells that had been sampled; but the 'steady & declining' exit monitoring criterion had not been met. Depending on the pathways and concentration levels remaining, these seven and sites like them seem to be the *most likely candidates* for reclassification, on a case-by case basis. (DNR variance policies apply).
- SSTLs were not met in the source wells at thirty-four (34) of the sites. Depending on the sampling regime (number of MWs, location of MWs, and data history), these may be candidates for establishing a steady, non-expanding actual plume. As such, the use of an institutional controls/ environmental covenants may be more achievable, particularly if the actual plume is contained on site and under control of a party willing to accept a restriction on their land use.

Conditions for reclassification request: (case-by-case basis):

Sites that would most likely qualify for closure are those where adequate sampling has been conducted over several years (at least five), and SSTLs are not exceeded. The DNR would consider amending rules to offer more discretion and flexibility regarding strict compliance with exit monitoring requirements and consider a variance to the strict application of the requirement for having steady / declining levels.

Where a plume is shown to be stable and not expanding, the DNR would consider a request for using the actual plume as the area of concern vs. the modeled plume area. Also, the groundwater professionals should consider using the new model to redefine the area of concern. A reduced 'area of concern' may lead more frequent use of institutional controls, such as environmental covenants to close sites. Short of a rule change, these types of requests may be submitted in the form of a Tier 3 plan and report, or special variance request in the SMR cover letter and site reclassification section (page 7).

"steady & declining" is a problem.

Ch. 135 owner/operator training rule change, but could add other language.

Current and likely future land uses should be taken into consideration when evaluating the likelihood of new receptors being installed. (For example, could a cemetery, or interstate, highway, or other 'permanent' structures be considered adequate and effective institutional controls, in and of themselves?). We will look into whether this can be implemented without a rule change.

Where soil contamination is present and is the 'barrier' to early closure, consideration should be given to conducting excavation, particularly if the area of concern is limited in extent (and excavation costs are balanced with the costs of long-term monitoring).

Going forward

When we make a decision that goes against the rules...

Actual variances to rules would require filing a petition with the Department in accordance with chapter 561 IAC 10 (incorporated by reference in 567 IAC 13). The criteria that must be satisfied to grant a variance is specified in 561 IAC 10.4. All variances or rule waivers must be in writing, indexed and made available to the public.

either case by case — or rule change?

The DNR would expect the Certified Groundwater Professional to make a case for why a variance is appropriate for a particular site, providing a written justification for closing a low risk site. This can be done in the current SMR format, supplemented by a cover letter and supporting documentation. In some cases, a Tier 3 may be a more applicable format for justifying reclassification (as noted above on use of actual vs. modeled plumes). The DNR has drafted a review checklist specifically for SMR reclassification requests from low risk to 'no action required'.

We also discussed 1) development of a permanent and effective tracking mechanism for institutional controls, 2) automatic notifications of the site conditions and restrictions to current and future owners as properties change hands, 3) changing the monitoring criteria for low risk sites that would focus more on a routine check for changes in land use, installation of receptors, confirmation that ICs are still in place, rather than on sampling of the soil and groundwater.

The Department is examining its practices when granting rule variances or waivers. While formerly a project manager may have used their professional judgment on whether to allow site closure when exit monitoring criteria have not been met, this requires a more formal variance request process (as noted above), including documenting those sites for which variances have been granted. In some cases approval by and / or notification to the Environmental Protection Commission may be warranted based on the nature of the variance.

One way around addressing each site individually with a variance request is to amend the rule with a general provision that allows more flexibility to the groundwater professional and the DNR in deciding under what conditions low risk sites qualify for reclassification; or modify the rule in more specific terms and/ or criteria under which low risk sites qualify for closure. In the coming months we will examine these procedural options, as well as specific reclassification criteria which could be codified.

What part of the rule can we change to avoid having to do case by case...

↑
BARRIER



STATE OF IOWA

CHESTER J. CULVER, GOVERNOR
PATTY JUDGE, LT. GOVERNOR

DEPARTMENT OF NATURAL RESOURCES
RICHARD A. LEOPOLD, DIRECTOR

MEMO

Date: January 30, 2009
From: Elaine Douskey, UST Section Supervisor
To: Iowa Comprehensive UST Fund Board
Brian Tormey, Chief, Land Quality Bureau
Re: 28E for SFY09 Funding - **Advisory Group for RBCA processes**

Per 28E agreement, (Milestone 1.c), the Department was tasked with forming a technical advisory group(s) to evaluate RBCA rules related to 1) soil gas methodology and guidance, 2) sewers as receptors, 3) surface water restrictions, and 4) capturing the effect of time on historical releases.

In December 2008, various parties within and outside of the Department were contacted regarding their willingness to participate in a focus group aimed at examining factors used in UST petroleum risk assessments. Representatives from various DNR environmental programs were invited because these sections have a vested interest, or the rules they administer may have a direct affect on the UST program (and vice versa). Representatives from outside agencies that may have some experience and technical expertise were also contacted.

Although not necessarily the final list of participants, we have received confirmation from the following people that they are willing to participate in the focus group:

Satya P. Chennupati, P.E., DNR Waste Water Engineering
Kathy Lee, DNR Emergency Response
Bob Drustup, DNR Contaminated Sites
Connie Dou, (or other staffer), DNR NPDES Section
Jill Soenen, Iowa Association of Muncipale Utilities
Rich Heathcote, Attorney General's office
Staff, DNR LUST Section
James Gastineau, UST Fund

*Meetings in
early march —
out thru June...
Jill W.
Jeff H.
James G.*

The Environmental Professionals of Iowa was also contacted and we invited a couple of representatives from that group to participate. We are awaiting their response.

Going forward, the plan is to 'divide and conquer' by forming subgroups with specific topics assigned to each subgroup. The Department sees benefit is working with an unbiased person to lead discussions, and is planning to contract with a outside facilitor.

Initially, we foresee having large group meetings to plan and report back; but the subgroups will be doing the majority of data gathering, brainstorming, and research. The end product of these meetings (and per 28E milestone 3.c) will be a written plan for evaluating rules around the specified RBCA factors.



STATE OF IOWA

CHESTER J. CULVER, GOVERNOR
PATTY JUDGE, LT. GOVERNOR

DEPARTMENT OF NATURAL RESOURCES
RICHARD A. LEOPOLD, DIRECTOR

Evaluation of Corrective Action Conferences

Underground Storage Tank Section
February 2009

Background

In 2004, a backlog of high risk LUST sites in need of corrective action prompted the UST Section and stakeholders to examine the process by which corrective action is planned and implemented. The team recommended instituting a system whereby all interested parties of a high risk site participate in one or two conferences to reach a consensus on a corrective action plan, a budget, and a schedule of events. Upon consensus, all parties sign a memorandum of agreement (MOA) outlining the activities, who will pay for them, and when they will occur.

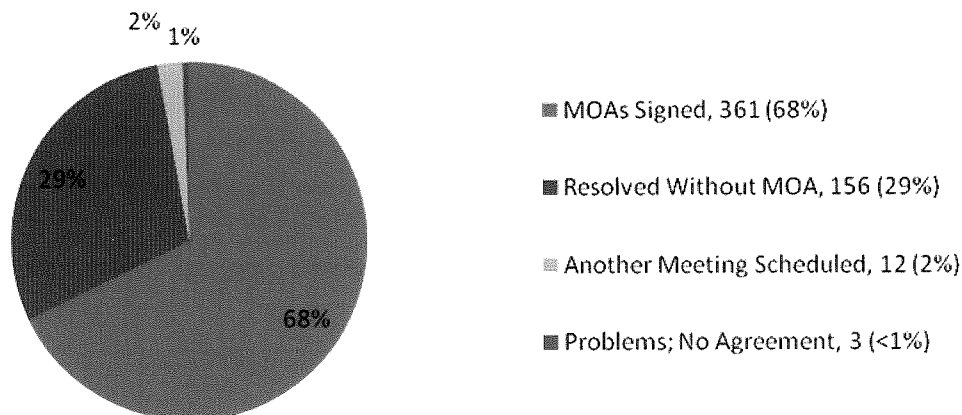
Information About Conferences

The UST Section conducted the first corrective action conference on July 23, 2004. A full-time corrective action facilitator position was added to the UST staff in January 2005. By January 1, 2009 staff had facilitated 867 conferences covering 532 sites.

Of the 532 sites included during 2004 through 2008, signed MOAs were completed on 361 sites (68%); 156 sites (29%) were resolved without needing an MOA; 12 sites (2%) are still awaiting an additional meeting. For three sites (<1%), no agreement could be reached and no further meetings are scheduled (Chart 1).

A change to Chapter 135 in 2008 modified the status of the MOA. Formerly the MOA was a 'handshake' agreement, not a legal document. Now the Iowa Administrative Code 135.12 (9) "d" states: "Owners or operators who fail to implement actions or meet the activity schedule in a memorandum of agreement resulting from a corrective action meeting or other written corrective action plan agreement or who fail to implement the actions or schedule outlined in an approved CADR are subject to legal action."

Chart 1: Conference Resolutions 2004 thru 2008



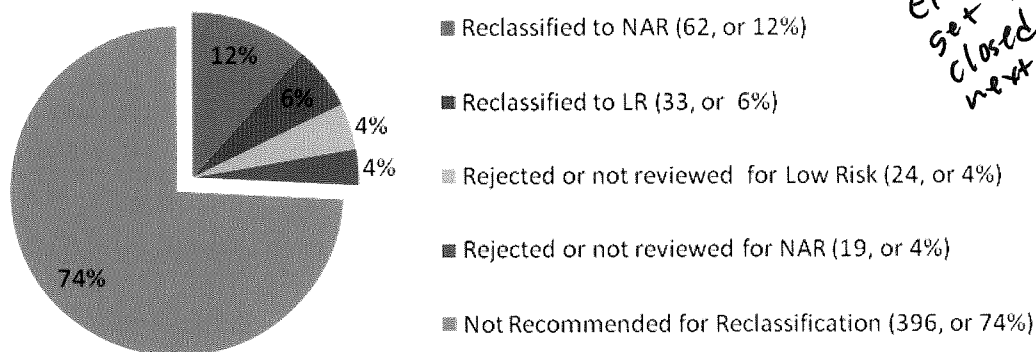
*Continue -
but can tweak to make this
better.
* MOA is enforceable document...*

Successes of Conferences

Based upon the goals set up by the 2004 business improvement event, the corrective action conferences have been very successful in the last 4.5 years.

- More than 95% of the 532 sites have been guided toward and into corrective action.
- 138 sites have been reclassified (or recommended for reclassification) to low risk (LR) or no action required (NAR) after conducting the corrective actions (Chart 2).
- 74 sites had active remediation systems running in 2008 with the goal to reclassify the site and/or to remove free product.
- Approximately 65 sites are in post remediation monitoring after over-excavation of contaminated soil and/or shutdown of active remediation systems.

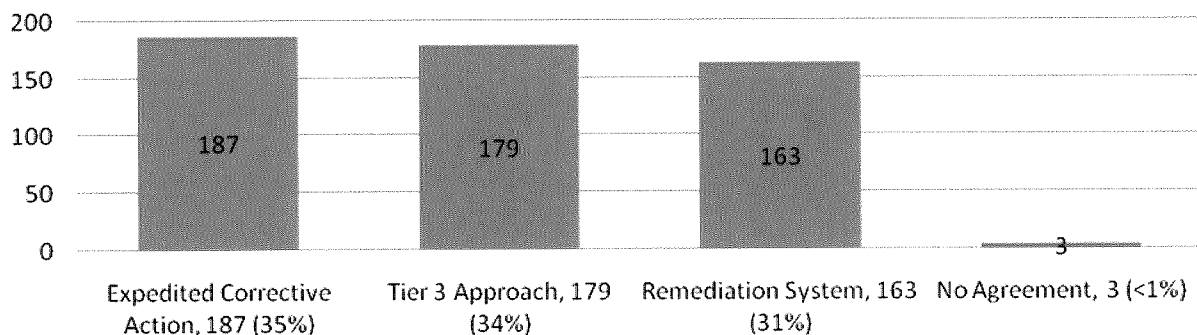
**Chart 2: Conference Sites Reclassified or Recommended for
Reclassification, 2004 through 2008**



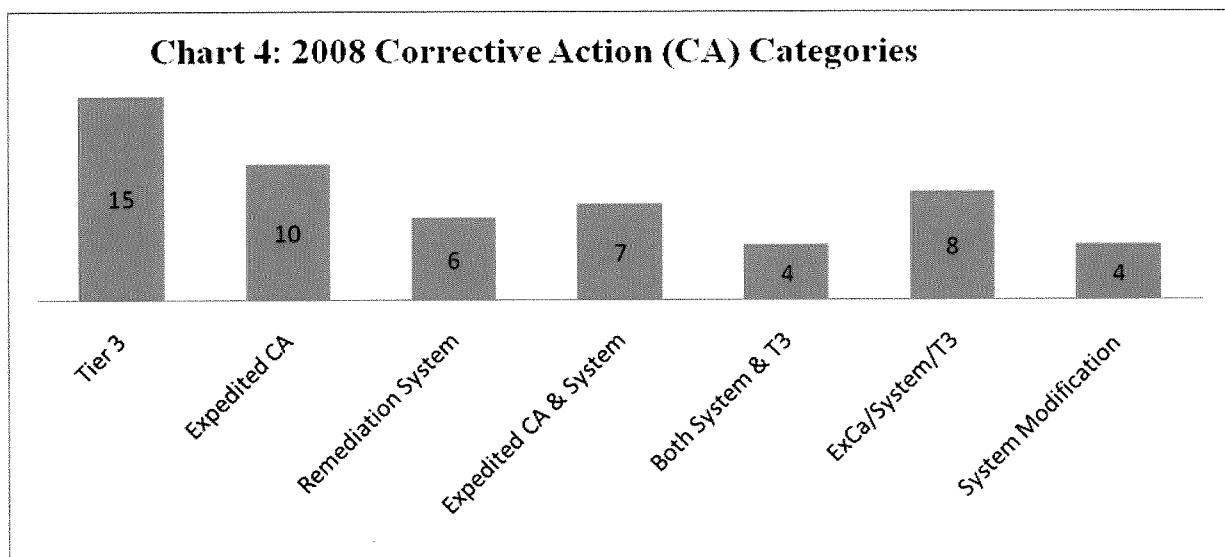
Corrective Action Strategies

Of the 532 sites that have had conferences, 187 (35%) have undergone or will undergo expedited corrective action such as plastic water line replacement or over-excavation; 179 (34%) have been or will be addressed using a Tier 3 approach such as specific sampling or documenting a steady/declining plume; 163 (31%) will undergo remediation such as soil vapor extraction; and less than 1% have been unable to reach an agreement (Chart 3). This categorization schema is somewhat simplified; the actual strategies may involve multiple techniques used together and in stages.

**Chart 3: Simplified Categories of Strategies, 2004 through
2008**



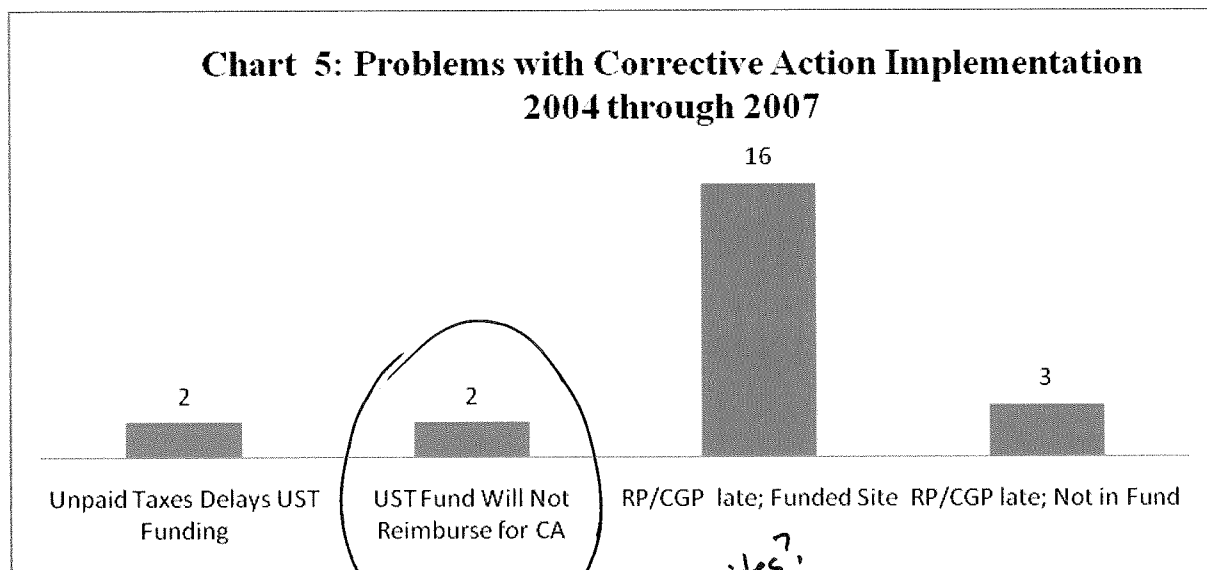
The corrective action strategies or categories become more complex as multiple corrective action techniques are needed to address the complex conditions at some high risk sites (Chart 4).



Problems: Reaching Agreement and Implementing Corrective Action

Although the conference process has been successful, problems have been encountered:

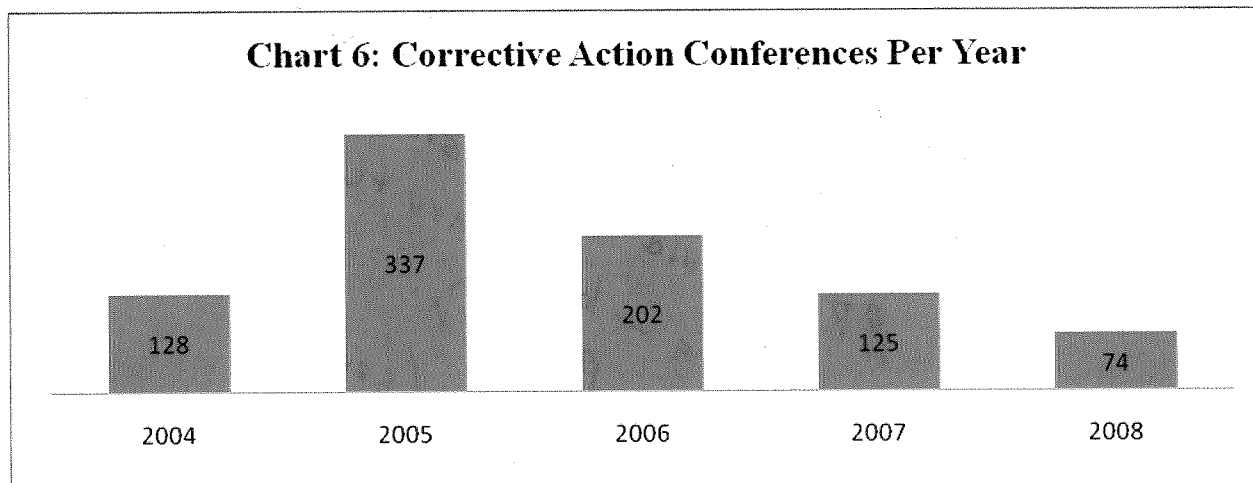
- Agreement could not be reached by participants for three sites.
- Five sites are on hold with no further meetings planned because the participants could not resolve funding issues (Chart 5).
- The less-complex sites have been addressed; the remaining high risk sites needing conferences often require a significant amount of time for DNR UST staff to establish the responsible party, determine funding eligibility, coax the affected parties to the conferences, review past reports, monitor progress and work through treatment system modifications, when necessary.
- After agreement is reached, reluctant responsible parties, over-scheduled consultants, shortage of DNR UST staff, or UST Fund Board indecisions or denial of claim approvals can result in the delay of implementation or cessation of corrective action.



*which sites?
George*

Changes in Corrective Action Conferences

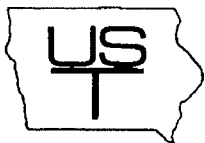
- Many conferences now scheduled are to address problems with remediation systems, monitoring plans, or proposed closure sampling. These conferences often require more study, research, and consensus building than earlier ones.
- Conferences held to help troubleshoot technical problems with remediation systems have led to other site activities: pilot tests, system modifications.
- Some conferences have been held for low risk sites to guide them toward no action required.
- As known remediation technologies evolve and new techniques are introduced, UST staff must learn how to evaluate the application of these new technologies and determine adequate monitoring practices to ensure the technologies are addressing the high risk conditions.
- Staff reductions implemented in 2006 and 2008 limit UST staff availability for conferences. Also, significant staff time is devoted to follow-up on the 532 sites shepherded through the Corrective Action meeting process since 2004.
- Fewer conferences are scheduled. An average of 27 conferences per month was held in 2005; 18 per month in 2006; 11 per month in 2007; 6 per month in 2008 (Chart 6). In 2009, 8 meetings were held in both January and February, and 13 meetings are set for March.
- The backlog of high risk LUST sites in need of corrective action has been reduced significantly. Many of the sites yet to be addressed have problems such as recalcitrant responsible parties, funding or legal problems, unusual geology, or other complex issues.
- Tracking the progress (or lack of progress) of the large number of sites undergoing corrective action requires increasing time and resources. Enforcement efforts are likely to increase in the coming months, as well.



As of December 31, 2008, approximately 750 sites have been identified as and remain high risk. Our goal is to hold 70 to 100 corrective action conferences per year. These may include sites where a remediation strategy is underway or completed, but the system or the monitoring may need re-evaluation. Although the total number of high risk sites continues to decline, the remaining sites may likely require more complex corrective action. Also, as new or newly discovered releases are assessed, and determined to be high risk, more conferences will be needed.

*** Iowa DNR acknowledges and thanks EPA for providing funds to support the Corrective Action Facilitator position over the past four years.**

Approval of Program Billings



IOWA UNDERGROUND STORAGE TANK

Financial Responsibility Program

Susan E. Voss, *Chairperson*

Scott M. Scheidel, *Administrator*

Board Members: Michael L. Fitzgerald

Jeff W. Robinson

Jacqueline A. Johnson

James M. Holcomb

Richard A. Leopold

Nancy A. Lincoln

Douglas M. Beech

MEMORANDUM

TO: UST Board Members
FROM: Scott Scheidel
DATE: February 20, 2009
SUBJECT: Summary of Bills for Payment

NOTICE

The following is a summary of UST bills requiring Board approval for payment:

1. Aon Risk Services\$127,219.00
Consulting Services March 2009 -- \$70,639.00
Claims Processing Services March 2009 -- \$56,580.00
2. Attorney General's Office\$7,404.04
Services provided for Underground Storage Tank Program
January 2009 Billing

Iowa Comprehensive Petroleum

Invoice No. 9500000071495

Iowa Comprehensive Petroleum
Underground Storage Tank Fund
2700 Westown Pkwy, #320
West Des Moines IA 50266

Aon Risk Services Central, Inc.
fka Aon Risk Services, Inc. of Nebraska
Insurance Services CA License No OE16975
2700 Westown Parkway
Suite 320
West Des Moines IA 50266
(515) 267-9101 FAX (515) 267-9045

Client Account No.	Invoice Date	Currency	Account Executive
10756349	Jan-15-2009	US DOLLAR	Scott Scheidel

Named Insured	Service Term	Trans. Eff. Date	Description	Amount
Iowa Comprehensive Petroleum	Jan-01-2009 - Jan-01-2010	Mar-01-2009	Renewal - Service Fee	
Comments: Installment 3 of 12			Service Fee	70,639.00
TOTAL INVOICE AMOUNT DUE				70,639.00

TO AVOID POTENTIAL DISRUPTION IN COVERAGE, PLEASE PAY IMMEDIATELY.
For Wire instructions, contact your Account Executive.

Please see reverse side for statement regarding Aon compensation.

Page 1 of 1

Please detach here. Top portion is for your records, bottom portion to be returned with your payment.

Client Account No.	Invoice No.	Invoice Date	Currency	Amount Due
10756349	9500000071495	Jan-15-2009	US DOLLAR	70,639.00

Iowa Comprehensive Petroleum
Underground Storage Tank Fund
2700 Westown Pkwy, #320
West Des Moines IA 50266

Send remittance to:

Aon Risk Services Central, Inc.
Aon Risk Services Companies, Inc.
75 Remittance Drive - Suite 1943
Chicago IL 60675-1943

Iowa Comprehensive Petroleum

Invoice No. 9500000071496

Iowa Comprehensive Petroleum
Underground Storage Tank Fund
2700 Westown Pkwy, #320
West Des Moines IA 50266

Aon Risk Services Central, Inc.
fka Aon Risk Services, Inc. of Nebraska
Insurance Services CA License No OE16975
2700 Westown Parkway
Suite 320
West Des Moines IA 50266
(515) 267-9101 FAX (515) 267-9045

Client Account No.	Invoice Date	Currency	Account Executive
10756349	Jan-15-2009	US DOLLAR	Scott Scheidel

Named Insured	Service Term	Trans. Eff. Date	Description	Amount
Iowa Comprehensive Petroleum	Jan-01-2009 - Jan-01-2010	Mar-01-2009	Renewal - Service Fee	
Comments			Service Fee	0.00
Installment 3 of 12			Consulting Expense	56,580.00
			TOTAL INVOICE AMOUNT DUE	56,580.00

TO AVOID POTENTIAL DISRUPTION IN COVERAGE, PLEASE PAY IMMEDIATELY.
For Wire instructions, contact your Account Executive.

Please see reverse side for statement regarding Aon compensation.

Page 1 of 1

Please detach here. Top portion is for your records, bottom portion to be returned with your payment.

Client Account No.	Invoice No.	Invoice Date	Currency	Amount Due
10756349	9500000071496	Jan-15-2009	US DOLLAR	56,580.00

Iowa Comprehensive Petroleum
Underground Storage Tank Fund
2700 Westown Pkwy, #320
West Des Moines IA 50266

Send remittance to:

Aon Risk Services Central, Inc.
Aon Risk Services Companies, Inc.
75 Remittance Drive - Suite 1943
Chicago IL 60675-1943

IOWA ATTORNEY GENERAL'S OFFICE
Hoover State Office Bldg - 2nd Floor
Des Moines, Iowa 50319-0141

Invoice Date: 02/04/09

Buyer: Aon Risk Services
2700 Westown Pkwy, Ste 320
West Des Moines, IA 50266
Attn: Scott Scheidel



Seller: Iowa Attorney General's Office
Hoover State Office Bldg - 2nd Floor
Des Moines, IA 50319-0141

Services For: Assistant Attorneys General
Period of Service: January

Please use the following accounting information for (II) transfer/payment:

Document Number	Account Coding					Description	Amount
	Fund	Agency	Org	Sub Org	Rev Source		
112AG020409027	0001	112	2301		0285		\$ 7,404.04

Please direct billing questions to Karen Redmond at (515)281-6362.

Iowa Attorney General's Office

Invoiced Services

Billing Period:	January
Billing Total:	\$7,404.04
DSS @ 33%	\$1,569.40
TDB @ 25%	\$1,179.57
RCH @ 15%	\$427.78
CLJ @ 25%	\$543.97
Payroll: 1/8/09	\$3,720.72
DSS @ 33%	\$1,552.02
TDB @ 25%	\$1,175.76
RCH @ 15%	\$424.32
CLJ @ 25%	\$531.22
Payroll: 1/22/09	\$3,683.32
Total Misc:	
	\$7,404.04

DSS = David Steward

33%

Dave is our Asst Attorney General who provides the Board with legal counsel, drafts agreements and settlements with other State agencies and claimants.

TDB = Timothy Benton

25%

Tim is our other Asst Attorney General who provides the Board with the coordination of administrative hearings on UST Fund claim denial appeals, as well as the negotiation of any settlements.

RCH = Richard Heathcote

15%

Rich is a PhD hydrogeologist who consults for the Board by reviewing claim files and DNR records to assist in the determination of technologies used at sites. Rich reviews site files for the usage of RBCA Tier 3 reports; he also reviews proposals for CRP's or special projects.

CLJ = Cindy Jacobe

25%

Cindy is a legal secretary for the Environmental/UST Division of the Attorney General's Office located in the Lucas Building. Cindy completes status reports and maintains appeal files for UST claimants with regard to their UST Fund benefits' eligibility.

Monthly Activity Report and Financials Reviewed

A. January Activity Report

Iowa UST Fund
Monthly Activities Report

January 2009

Claims	Open Claims	Open & Closed	Open Claims	Open & Closed
	December Ending	Monthly Net Changes	December Ending	Totals since Inception
RETROACTIVE				
number	69	0	69	444
reserve	\$3,236,802.22	(\$45,651.35)	\$3,191,150.87	\$3,191,150.87
paid	\$8,272,197.78	\$28,651.35	\$8,300,849.13	\$14,777,391.23
total	\$11,509,000.00	(\$17,000.00)	\$11,492,000.00	\$17,968,542.10
REMEDIAL				
number	798	(3)	795	4,437
reserve	\$40,935,758.19	(\$1,097,359.44)	\$39,838,398.75	\$39,838,398.75
paid	\$89,679,865.82	(\$477,209.82)	\$89,202,656.00	\$183,909,533.55
total	\$130,615,624.01	(\$1,574,569.26)	\$129,041,054.75	\$223,747,932.30
INNOCENT LANDOWNER				
number	223	1	224	1,056
reserve	\$8,385,265.21	(\$84,812.60)	\$8,300,452.61	\$8,300,452.61
paid	\$11,544,090.11	\$56,198.84	\$11,600,288.95	\$23,071,447.73
total	\$19,929,355.32	(\$28,613.76)	\$19,900,741.56	\$31,371,900.34
GLOBAL OPT-IN				
number	231	(3)	228	1,269
reserve	\$1,393,405.40	(\$13,454.39)	\$1,379,951.01	\$1,379,951.01
paid	\$1,803,287.42	(\$28,545.61)	\$1,774,741.81	\$9,003,175.90
total	\$3,196,692.82	(\$42,000.00)	\$3,154,692.82	\$10,383,126.91
UNASSIGNED PROJECTS				
number	18	(2)	16	182
reserve	\$170,647.00	(\$9,911.00)	\$160,736.00	\$160,736.00
paid	\$299,645.10	(\$15,381.10)	\$284,264.00	\$2,591,444.03
total	\$470,292.10	(\$25,292.10)	\$445,000.00	\$2,752,180.03

Corrective Action Meetings	
Scheduled:	99
Completed:	876
MOA's	443

RT Claims	#
New	0
Reopened	0
Closed	0
RM Claims	#
New	0
Reopened	2
Closed	5
ILO Claims	#
New	0
Reopened	1
Closed	0
GS Claims	#
New	1
Reopened	0
Closed	4
PROJ Cims	#
New	0
Reopened	1
Closed	3

Invoice Type Totals	January	FYTD	Program to Date
American Soils	0.00	0.00	\$5,678,423
AST Removal	0.00	0.00	\$2,121,490
AST Upgrade	0.00	0.00	\$5,460,479
CADR Charges	6,175.00	51,743.73	\$4,135,230
Corrective Action	17,169.89	136,192.36	\$50,119,562
Free Prod Recover	74,543.58	379,106.79	\$7,611,891
Monitoring	215,158.41	1,071,649.78	\$20,194,817
New UST Pull 2004	0.00	285,165.66	\$1,243,184
Operations/Maint	61,011.54	436,342.34	\$7,123,084
Over-excavation	917.53	537,362.54	\$22,258,933
Plastic Water Lines	0.00	101,350.72	\$1,615,718
Post RBCA Evals	3,000.00	8,716.25	\$132,410
RBCA	2,350.71	103,510.61	\$24,716,098
Remed Imp/Const.	29,262.81	327,695.67	\$22,569,770
SCR Charges	0.00	0.00	\$4,156,554
Site Check	0.00	656.00	\$125,396
Soil Disposal	0.00	479.53	\$607,812
Tank (UST) Pull	(1,178.53)	19,507.96	\$4,980,329
Tank (UST) Upgrade	0.00	0.00	\$5,880,860
Tier III	4,754.40	5,369.40	\$1,126,893
Utilities	23,594.46	122,186.22	\$942,913
Well Closure	3,520.76	114,216.22	\$2,494,424
Total Invoice Types	440,280.56	3,701,251.78	\$245,296,267

Budgets Approved to Date	
January	4
Trailing 12 mos	29
Prev Trail 12 mos	46
Total Since Jan 2003	916
	\$175,430
	\$1,226,445
	\$2,532,858
	\$34,073,507

Project Contracts	Open	Closed	Pending
CRP's	22	32	0
Tank Closure	2	3	0
Plastic Water Line	2	0	0

B. January Financial Report

IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND

STATEMENT OF FUND BALANCES

FOR THE MONTH ENDING JANUARY 31, 2009

0450 - UST REVENUE FUND (Bonding)

Balance of Fund, January 1, 2009	\$4,635,000.00
---	----------------

Receipts:

Tank Management Fees	\$0.00	
Motor Vehicle Use Tax (IDOT - vehicle registration)	\$4,250,000.00	
Intra State Fund Transfers Received	\$0.00	
Interest Income	\$0.00	
Interest Income - Capital Reserve Fund	\$0.00	
	\$4,250,000.00	

Disbursements:

Bond Interest Payment	\$0.00	
Bond Principal Payment	\$0.00	
Transfer to Innocent Landowner Fund	\$0.00	
Transfer to Unassigned Revenue Fund	\$0.00	
	\$0.00	

Balance of Fund, January 31, 2009	\$8,885,000.00
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0450 - UST UNASSIGNED REVENUE FUND (Non-Bonding)

Balance of Fund, January 1, 2009	\$4,018,008.95
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Receipts:

Request for Proposal Fees	\$0.00	
Copying/Filing Fees	\$0.00	
Fines & Penalties	\$0.00	
Refund/Overpayment	\$0.00	
Transfer From UST Revenue Fund	\$0.00	
Intra State Fund Transfers Received - DNR	\$0.00	
Compensation for Pooled Money Investments	\$0.00	
Amort / Accretion	\$0.00	
Buys/ Sells	\$0.00	
Interest Income	\$11,789.78	
	\$11,789.78	

Disbursements:

UST Administrator's Fees	\$254,438.00	
Attorney General's Fees	\$12,715.50	
Attorney's Fees: Cost-Recovery Administration	\$0.00	
Cost Recovery Expense (i.e. Lien Filing, Overpayment Refund)	\$0.00	
Actuarial Fees	\$0.00	
Auditor of the State Fees	\$0.00	
Bond Trustee Fees - Bankers Trust	\$0.00	
Claim Settlement	\$0.00	
Custodial Fees - BONY	\$0.00	
Department of Revenue EPC Collection Fees	\$1,541.55	
Innovative Technology	\$0.00	
Inspection & Appeals Service Fees	\$0.00	

**IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND
STATEMENT OF FUND BALANCES
FOR THE MONTH ENDING JANUARY 31, 2009**

Iowa Finance Authority Expenses	\$0.00	
Legal and Professional Fees	\$0.00	
Postage / Printing / Miscellaneous	\$0.00	
Professional Administrative Services (Investments, etc.)	\$0.00	
Rebate	\$0.00	
Tank Closure Claims & Plastic Waterline Claims	(\$38,484.60)	
Travel Expenses-UST Board Members	\$0.00	
Warrant Float Expense	\$0.00	
Transfer to Remedial Non-Bonding Fund	\$0.00	
Transfer to Innocent Landowner Fund	\$0.00	
28E Agreement - RBCA (DNR Staff Training & Development)	\$0.00	
28E Agreement - DNR UST Section Funding - FY08	\$0.00	
28E Agreement - DNR UST Section Funding - FY09	\$0.00	
Statutory Transfer to DNR - FY09	\$0.00	
Statutory Transfer to General Fund - FY08	\$0.00	
Statutory Transfer to DNR - FY09 for Snowmobile & ATV Funds	\$0.00	
		\$230,210.45
Balance of Fund, January 31, 2009		\$3,799,588.28

0208 - UST REMEDIAL NON-BONDING FUND

Balance of Fund, January 1, 2009		\$3,011,900.42
Receipts:		
Remedial Refunds	\$3,572.46	
Misc. Income (i.e. eligibility settlements)	\$0.00	
Interest Income	\$0.00	
Transfer Received from Unassigned Revenue Fund	\$0.00	
		\$3,572.46
Disbursements:		
Retroactive Claims	\$29,301.35	
Remedial Claims	\$385,900.82	
Balance of Outdated Warrants	(\$910.57)	
		\$414,291.60
Balance of Fund, January 31, 2009		\$2,601,181.28

0478 - UST MARKETABILITY FUND

Balance of Fund, January 1, 2009		\$411,931.45
Receipts:		
Interest	\$25,606.87	
Use Tax	\$0.00	
		\$25,606.87
Disbursements:		
Intra State Fund Transfer	\$0.00	
		\$0.00
Balance of Fund, January 31, 2009		\$437,538.32

**IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND
STATEMENT OF FUND BALANCES
FOR THE MONTH ENDING JANUARY 31, 2009**

0485 - UST INNOCENT LANDOWNERS FUND

Balance of Fund, January 1, 2009		\$9,657,518.88
Receipts:		
Cost Recovery (i.e. lien settlements)	\$0.00	
ILO Refunds	\$0.00	
Intra State Fund Transfers Received	\$0.00	
Miscellaneous Income	\$0.00	
	<u>\$0.00</u>	\$0.00
Disbursements:		
Transfer to Unassigned Revenue Fund	\$0.00	
Other Contractual Services	\$0.00	
Global Settlement Claims	\$15,954.39	
Innocent Landowner Claims	\$50,813.60	
Balance of Outdated Warrants	\$0.00	
	<u>\$0.00</u>	\$66,767.99
Balance of Fund, January 31, 2009		<u>\$9,590,750.89</u>

0238 - UST LOAN GUARANTEE FUND (Non-Bonding)

Balance of Fund, January 1, 2009		\$269,773.66
Receipts:		
Interest Income	\$661.92	
	<u>\$661.92</u>	\$661.92
Disbursements:		
Intra State Fund Transfer	\$0.00	
Payments on Loan Losses	\$0.00	
	<u>\$0.00</u>	\$0.00
Balance of Fund, January 31, 2009		<u>\$270,435.58</u>

0614 - UST CAPITAL RESERVE FUNDS (Bonding)

Balance of Fund, January 31, 2009	<u>\$0.00</u>
Combined UST Capital Reserve Fund Balances, January 31, 2009	<u>\$0.00</u>

TOTAL FUND BALANCES, January 31, 2009	<u>\$25,584,494.35</u>
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FOOTNOTES:

Note 1: Funds labeled "Bonding" were created as a result of the issuance of UST Revenue Bonds. Disbursements from these funds are restricted by the Revenue Bond indenture. All bond funds are \$0.00 8/31/08
Funds labeled "Non-Bonding" are funds not restricted as to use by the Revenue Bond indenture.

**C. Year to Date Financial Report as of
January 31, 2009**

IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND
STATEMENT OF FUND BALANCES
FISCAL YEAR TO DATE ENDING JANUARY 31, 2009

		FISCAL 2009 BUDGET	
0471 - UST REVENUE FUND (Bonding)			
Balance of Fund, July 1, 2008		\$0.00	\$0.00
Receipts:			
Tank Management Fees	\$385,000.00		\$800,000.00
Motor Vehicle Use Tax	\$8,500,000.00		\$17,000,000.00
Intra State Fund Transfers Received	\$0.00		
Interest Income	\$0.00		
Interest Income - Capital Reserve Fund	\$0.00		
		\$8,885,000.00	\$17,800,000.00
Disbursements:			
Bond Interest Payment	\$0.00		
Bond Principal Payment	\$0.00		
Transfer to Innocent Landowner Fund	\$0.00		\$4,250,000.00
Transfer to Unassigned Revenue Fund	\$0.00		\$13,550,000.00
		\$0.00	\$17,800,000.00
Balance of Fund, January 31, 2009		\$8,885,000.00	\$0.00
0450 - UST UNASSIGNED REVENUE FUND (Non-Bonding)			
Balance of Fund, July 1, 2008		\$10,303,265.43	\$10,303,265.43
Receipts:			
Request for Proposal Fees	\$0.00		
Copying/Filing Fees	\$0.00		
Fines & Penalties	\$5,190.00		\$10,000.00
Refund/Overpayment	\$12,471.54		
Transfer From UST Revenue Fund	\$0.00		\$13,550,000.00
Intra State Fund Transfers Received	\$0.00		
Compensation for Pooled Money Investments	\$0.00		
Amort / Accretion	(\$143.60)		\$30,000.00
Buys/ Sells	\$81,805.78		(\$20,000.00)
Interest Income	\$666,264.72		\$1,800,000.00
		\$765,588.44	\$15,370,000.00
Disbursements:			
UST Administrator's Fees	\$991,279.09		\$1,412,712.00
Attorney General's Fees	\$59,476.84		\$105,000.00
Attorney's Fees: Cost-Recovery Administration	\$0.00		
Cost Recovery Expense (i.e. Lien Filing, Overpayment Refund)	\$7.00		\$30.00
Actuarial Fees	\$0.00		
Auditor of the State Fees	\$4,876.00		\$4,876.00
Bond Trustee's Fees - Bankers Trust	\$3,000.00		\$36,000.00
Claim Settlement	\$1,050,000.00		\$1,050,000.00
Custodial Fees - BONY	\$804.10		
Department of Revenue EPC Collection Fees	\$5,302.48		\$6,000.00
Environmental Protection Charge Refunds	\$0.00		
Innovative Technology	\$0.00		
Inspection & Appeals Service Fees	\$0.00		\$3,500.00

**IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND
STATEMENT OF FUND BALANCES
FISCAL YEAR TO DATE ENDING JANUARY 31, 2009**

		FISCAL 2009 BUDGET
Legal and Professional Fees	\$24,515.25	
Postage / Printing / Miscellaneous	\$0.00	\$100.00
Professional Admin Services (Investments)	\$12,453.61	\$30,000.00
Rebate	\$0.00	
Tank Closure Claims and Plastic Waterline Claims	(\$40,475.05)	\$50,000.00
Travel Expenses-UST Board Members	\$382.98	\$700.00
Warrant Float Expense	\$2,846.29	
Transfer to Remedial Non-Bonding Fund	\$0.00	\$4,250,000.00
Transfer to Innocent Landowner Fund	\$0.00	
28E Agreement - RBCA (DNR Staff Training & Development)	\$0.00	
28E Agreement - DNR UST Section Funding - FY08	\$229,797.00	\$400,000.00
28E Agreement - DNR UST Section Funding - FY09	\$0.00	\$400,000.00
Statutory Transfer to DNR (incl Snowmobile & ATV Funds) - FY09	\$1,925,000.00	\$1,925,000.00
Statutory Transfer to General Fund - FY08	\$3,000,000.00	\$3,000,000.00
	\$7,269,265.59	\$12,673,918.00
Balance of Fund, January 31, 2009	\$3,799,588.28	\$12,999,347.43
0208 - UST REMEDIAL NON-BONDING FUND		
Balance of Fund, July 1, 2008	\$5,734,239.12	\$5,734,239.12
Receipts:		
Remedial Refunds	\$3,972.46	\$3,000.00
Misc. Income (i.e. eligibility settlements)	\$0.00	
Interest Income	\$0.00	
Transfer Received from Unassigned Revenue	\$0.00	\$4,250,000.00
	\$3,972.46	\$4,253,000.00
Disbursements:		
Retroactive Claims	\$222,511.35	\$600,000.00
Remedial Claims	\$2,915,324.45	\$7,000,000.00
Balance of Outdated Warrants	(\$805.50)	
	\$3,137,030.30	\$7,600,000.00
Balance of Fund, January 31, 2009	\$2,601,181.28	\$2,387,239.12
0478 - UST MARKETABILITY FUND		
Balance of Fund, July 1, 2008	\$101,715.84	\$101,715.84
Receipts:		
Interest	\$335,822.48	\$200,000.00
Use Tax	\$0.00	
	\$335,822.48	\$200,000.00
Disbursements:		
Intra State Fund Transfer	\$0.00	
	\$0.00	\$0.00
Balance of Fund, January 31, 2009	\$437,538.32	\$301,715.84

**IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND
STATEMENT OF FUND BALANCES
FISCAL YEAR TO DATE ENDING JANUARY 31, 2009**

		FISCAL 2009 BUDGET
0485 - UST INNOCENT LANDOWNERS FUND		
Balance of Fund, July 1, 2008	\$10,192,565.89	\$10,192,565.89
Receipts:		
Cost Recovery (i.e. lien settlements)	\$8,500.00	\$10,000.00
ILO Refunds	\$0.00	
Intra State Fund Transfers Received	\$0.00	\$4,250,000.00
Miscellaneous Income	\$0.00	
	\$8,500.00	\$4,260,000.00
Disbursements:		
Transfer to Unassigned Revenue Fund	\$0.00	
Other Contractual Services	\$0.00	
Global Settlement Claims	\$126,925.87	\$300,000.00
Innocent Landowner Claims	\$483,389.13	\$2,000,000.00
Balance of Outdated Warrants	\$0.00	
	\$610,315.00	\$2,300,000.00
Balance of Fund, January 31, 2009	\$9,590,750.89	\$12,152,565.89
0238 - UST LOAN GUARANTEE FUND (Non-Bonding)		
Balance of Fund, July 1, 2008	\$255,595.82	\$255,595.82
Receipts:		
Interest Income	\$14,839.76	\$10,000.00
	\$14,839.76	\$10,000.00
Disbursements:		
Payments on Loan Losses	\$0.00	
Transfer to Unassigned Revenue Fund	\$0.00	\$0.00
	\$0.00	\$0.00
Balance of Fund, January 31, 2009	\$270,435.58	\$265,595.82
0614 - UST CAPITAL RESERVE FUNDS (Bonding)		
Combined UST Capital Reserve Fund Balances, January 31, 2009	\$0.00	\$0.00
TOTAL FUND BALANCES, January 31, 2009	\$25,584,494.35	\$28,106,464.10

FOOTNOTES:

Note 1: Funds labeled "Bonding" were created as a result of the issuance of UST Revenue Bonds. Disbursements from these funds are restricted by the Revenue Bond indenture. All bond funds are \$0.00 8/31/08
Funds labeled "Non-Bonding" are funds not restricted as to use by the Revenue Bond indenture.

*W/o planned
diversion -
then balance
will be \$20m*

Attorney General's Report

Claim Payment Approval

Claim Payment Authority

Site #	Site Name	1st Bd Rpt	2nd Bd Rpt	3rd Bd Rpt	4th Bd Rpt	Paid to Date	Recommended Authority	Approved Authority	Pd Since Last Bd Report	WW Comments
1	8710480 Colby Management Co	08/27/08				\$65,909	\$125,000	\$125,000		
2	8600154 Rock C Store	05/17/04	08/27/08			\$116,620	\$403,000	\$403,000		
3	8601200 Casey's Marketing Co, Merrill	08/27/08				\$84,831	\$110,000	\$110,000		dww & PGS
4	8601909 MRP properties Co, LLC/Total Pe	08/27/08				\$86,165	\$120,000	\$120,000		
5	8606922 Olson Brothers Service Inc.	08/27/08				\$75,501	\$115,000	\$115,000		dww's
6	8607200 The Short Stop, LLC	11/10/03	08/27/08			\$267,387	\$353,000	\$353,000		
7	8811086 City of George	06/17/03	06/30/08			\$424,693	\$750,000		\$351,890	No 2nd to motion
8	8606248 Country Stores of Carroll	09/25/08				\$104,577	\$140,000	\$140,000		
9	8600372 Tyson Foods	09/25/08				\$76,630	\$125,000	\$125,000		
10	8607266 South Federal Properties LLC	10/23/08				\$80,729	\$115,000	\$115,000		
11	8607575 Valley Restaurant Inc.	01/14/02	10/23/08			\$365,374	\$583,000	\$583,000	\$311,891	3 city dww
12	8608197 Krause Gentle Corp	04/06/00	10/23/08			\$351,697	\$552,500	\$552,500	\$268,444	2 city dww
13	8608502 Wow Service Inc	10/21/04	10/23/08			\$262,116	\$375,000	\$375,000	\$189,517	
14	8608670 McGuire's Service Station	10/23/08				\$16,431	\$180,000	\$180,000		
15	9117224 Jo-Ro Enterprises, LTD	04/18/02	12/11/08			\$177,516	\$230,000	\$230,000	\$122,485	
16	8607868 Marshalltown Community School	12/11/08				\$84,788	\$130,000	\$130,000		
17	8609409 Nelson Oil Co Inc.	01/23/09				\$81,162	\$110,000	\$110,000		
18	8610182 Winston Service Center	01/23/09				\$83,117	\$130,000	\$130,000		PGS
19	8606249 Country Stores of Carroll	08/21/01	01/23/09			\$97,568	\$300,000	\$300,000	\$44,560	private dww
20	7910583 Amana Society, Inc.	02/27/09				\$36,364	\$200,000			dww
21	8601898 Ports Petroleum Co, Inc.	02/27/09				\$56,890	\$220,000			PGS
22	8600035 Northeast Hamilton Comm Schoo	02/27/09				\$75,556	\$213,000			2 municipal dww

dww=drinking water well
ndww=non-drinking water well
PGS=protected groundwater source
SOL=state-owned lake



IOWA UNDERGROUND STORAGE TANK

Financial Responsibility Program

Susan E. Voss, Chairperson

Scott M. Scheidel, Administrator

Board Members:

Michael L. Fitzgerald

Jeff W. Robinson

Jacqueline A. Johnson

James M. Holcomb

Richard A. Leopold

Nancy A. Lincoln

Douglas M. Beech

TO: UST Board

FROM: Scott M. Scheidel

SUBJECT: Contract No. CRPCA 0312-35: SEXTON & WESLEY
Contract Extension Request

DATE: February 26, 2009

This state lead project was awarded to Array Environmental in March 2004 to address contamination at two individual sites in the Kossuth County communities of Wesley and Sexton. The sites were originally assessed under the State Lead Closure Contract project.

The facilities were each classified high risk due to plastic water lines, vapor receptors, and nearby private water wells. Corrective actions completed to date for each site have included a soil excavation and replacement of the plastic water lines within the actual plumes. Plastic water lines remain in the simulated plume. Further evaluations are needed to determine the risk to nearby water wells and vapor receptors.

The original agreement for this project was written as a 2-year agreement, with the option of four 1-year extensions. The current Agreement term will expire on April 20, 2009. It is requested that the Board authorize the 4th and final extension of the consultant agreement for an additional one-year period to allow continued activity on the project.

Funding

Both of the sites are now eligible for UST Fund benefits.

The current Board authority is anticipated to be sufficient at this time. No change to the Board's funding authorization is recommended.

Original Contract (4/1/04)	\$145,500.00
Total Invoiced / Paid	\$163,644.00
Current Authority (7/13/04):	\$200,000.00

c: Sandi Porter, GAB Robins



IOWA UNDERGROUND STORAGE TANK

Financial Responsibility Program

Susan E. Voss, Chairperson

Scott M. Scheidel, Administrator

Board Members:

Michael L. Fitzgerald

Jeff W. Robinson

Jacqueline A. Johnson

James M. Holcomb

Richard A. Leopold

Nancy A. Lincoln

Douglas M. Beech

TO: UST Board

FROM: Scott M. Scheidel

SUBJECT: Contract No. CRPCA 0312-36: COLLEGE SPRINGS & COIN
Contract Extension Request

DATE: February 26, 2009

*Recommendation:
Terminate Contract.*

This state lead project was awarded to Array Environmental in March 2004 to address contamination at two individual sites in the Page County communities of Coin and College Springs. The sites were originally assessed under the State Lead Closure Contract project.

The facilities were each classified high risk due to plastic water lines, vapor receptors, and nearby water wells. Free product has also been observed at each site. Corrective actions completed for each site have included replacement of the plastic water lines within the actual plumes, and an excavation at the College Springs site. Plastic water lines remain in the simulated plume near each site. Future work will include continued free product recovery activities and monitoring to assess the risk to nearby water wells and vapor receptors.

The original agreement for this project was written as a 2-year agreement, with the option of four 1-year extensions. The current Agreement term will expire on April 20, 2009. It is requested that the Board authorize the 4th and final extension of the consultant agreement for an additional one-year period to allow continued activity on the project.

Funding

Neither of the sites is eligible for UST Fund benefits. Cost recovery by the placement of a lien is possible for each site.

The current Board authority of \$300,000 is anticipated to be sufficient at this time. No change to the Board's funding authorization is recommended.

Original Contract (4/1/04)	\$84,669.96
Paid to Date on Project:	\$278,197.06
Current Budget Authority	\$300,000.00

*Annual:
\$2000/yr.
\$11000/yr.*

*Both sites are not
fund eligible*

*only monitoring for
the past couple of
years.*

IOWA UNDERGROUND STORAGE TANK PROGRAM

FIRST BOARD REPORT

FEBRUARY 13, 2009

PORTS PETROLEUM CO, INC.

JCT HWY 63 & I-80

MALCOM

SITE REGISTRATION NUMBER: 8601898

LUST NUMBER: 8LTE88

Truck stop

RISK CLASSIFICATION:

HIGH

☒

LOW

UNDETERMINED

PRESENT CLAIM RESERVE:

\$ 135,000.00

ELIGIBILITY: Contamination was discovered during a site check on October 25, 1990, and reported to the IDNR. A timely claim was filed. This is an eligible remedial claim.

COST INCURRED TO DATE:

1. Site check and clean-up report	\$ 34,530.37
2. Site monitoring reports	16,884.50
3. Free product recovery	675.00
4. RBCA Tier II report	<u>4,800.00</u>
TOTAL COSTS INCURRED TO DATE:	\$ 56,889.87

PROJECTED COSTS:

<input type="checkbox"/> Risked Based Corrective Action Tier I & II Report	<input type="checkbox"/> Tank Pull/Up-Grade.
<input checked="" type="checkbox"/> Site Monitoring Report (SMR)	<input type="checkbox"/> Free Product Recovery (FPR)
<input type="checkbox"/> Corrective Action Design Report (CADR)	<input checked="" type="checkbox"/> Implementation of Tank Pull

TOTAL PROJECTED COSTS:

\$ 75,000.00 to 250,000.00+

TOTAL AUTHORITY RECOMMENDED:

\$ 220,000.00

COMMENTS: The site is high risk for the soil leaching to protected groundwater source pathway, and low risk for groundwater to protected groundwater source pathway and potential vapor to enclosed space pathway. An eligible tank pull is being completed at this time, and preliminary reports indicate that heavy contamination is present beneath the tanks. If the contamination is determined to be old, through third party review, additional assessment and corrective action will most likely be required.

**IOWA UNDERGROUND STORAGE TANK PROGRAM
FIRST BOARD REPORT**

FEBRUARY 18, 2009

NORTHEAST HAMILTON COMMUNITY SCHOOLS

503 LAKE ST

BLAIRSBURG

SITE REGISTRATION NUMBER: 8600035

LUST NUMBER: 7LTI25

RISK CLASSIFICATION:

HIGH

☒

LOW

☐

UNDETERMINED

☐

PRESENT CLAIM RESERVE:

\$ 125,000.00

ELIGIBILITY: The contamination was discovered on February 28, 1990, during a site check and was reported to the IDNR on June 26, 1990. A timely claim was filed. This is an eligible remedial claim.

COST INCURRED TO DATE:

1. Site check and clean-up report	\$ 14,578.60
2. Pre RBCA Corrective action design report	20,634.53
3. RBCA Tier II report	5,000.00
4. Site monitoring reports	23,628.59
4. Post-RBCA Evaluation	1,000.00
5. RBCA Tier III work plan & monitoring	<u>10,714.35</u>
TOTAL COSTS INCURRED TO DATE:	\$ 75,556.07

PROJECTED COSTS:

<input type="checkbox"/> Risked Based Corrective Action Tier I & II Report	<input type="checkbox"/> Tank Pull/Up-Grade.
<input checked="" type="checkbox"/> Site Monitoring Report (SMR)	<input type="checkbox"/> Free Product Recovery (FPR)
<input type="checkbox"/> Corrective Action Design Report (CADR)	<input checked="" type="checkbox"/> Implementation of RBCA Tier III Investigation

TOTAL PROJECTED COSTS:

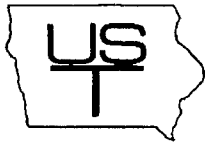
\$ 25,000.00 to 250,000.00+

TOTAL AUTHORITY RECOMMENDED:

\$ 213,000.00

COMMENTS: The site is high risk due to two municipal drinking water wells both fairly close to the site. A Tier III investigation is being conducted to determine if the wells are protected from the contaminated surficial aquifer. The site is also low risk for the groundwater vapor to potential enclosed space pathways, and vapor sampling at the groundwater source has failed.

**Contracts Entered Into
Since January 23, 2009 Board Meeting**



IOWA UNDERGROUND STORAGE TANK

Financial Responsibility Program

Susan E. Voss, *Chairperson*

Scott M. Scheidel, *Administrator*

Board Members: Michael L. Fitzgerald

Jeff W. Robinson

Jacqueline A. Johnson

James M. Holcomb

Richard A. Leopold

Nancy A. Lincoln

Douglas M. Beech

Φ Φ Φ **MEMO** Φ Φ Φ

TO: UST Board

FROM: Scott Scheidel

DATE: February 20, 2009

RE: Contracts Entered Into Since January 23, 2009

The Board has not entered into any new agreements or contracts since the last Board meeting.

Other Issues as Presented

Correspondence and Attachments



Westside
Observer
Westside, IA
Circ. 1148
From Page:
3
2/5/2009
45333



1209 Arcadia's 'Big Dig' 2009: Workers remove contaminated dirt at former Arcadia Country Store site

Information for this article was gathered by
The Observer's Arcadia Correspondent Ann Lander

All that remains of the former Arcadia Country Store, 320 Division St., Arcadia, is the sign which marked the former convenience store location. The building has been torn down and the site had been empty for nearly two years. However, as of this week and after several weeks' work, the site now consists of a huge hole (50 feet wide x 71 feet long x 10 feet deep), garnering a lot of attention from passersby.

Over 2,400 tons of dirt have been hauled away during the project. The goal has been to get rid of the contaminated dirt caused by apparent leaks in the underground storage tanks when this site was a gas station.

According to Verne Schunk - Field Office #4 of the Department of Natural Resources, the initial report concerning this site goes back to 1985. That's before the IA Underground Storage Tank group was established in 1988. According to the Iowa DNR Underground Storage Tank/Leakage of Underground Storage Tank web site, the leak #7LTY24 was assigned to the Arcadia Country Store. The Country Stores of Carroll is listed as the responsible party and therefore owns the contamination.

Two companies, Barker Lemar Engineering Consultants from West Des Moines and Morris Excavation from Council Bluffs, have been working on this project and are committed to seeing it through to completion. They have not been deterred by the intense cold and bothersome snow.

A young man named Jason Koch is the operator of the track hoe. It runs on diesel fuel and no, he doesn't drive it to the gas station to fill it up. He has a service truck that has a tank to transport the fuel needed for the track hoe.

Some of the challenges he has during the operation of the track hoe are watching out for power lines and being careful to not fall in the very large hole he's digging. The track hoe has a hydraulic arm which needs to be greased; he adds an anti-gel fluid to the grease so it doesn't "gunk up" from the cold.

Koch says he has been doing this type of work since he was 16. He didn't start out on the track hoe but worked his way up to the big machines. He enjoys his work, but does admit it's harder to enjoy when the weather is as cold as it has been lately.

As Koch went about his work in Arcadia, an extra bucket was seen laying on the edge of the project site. Since the bucket on the track hoe has a rip from a previous dig, the operators wanted to be sure that if it tore any more, they would be ready with the spare.

ARCADIA'S BIG DIG -- Continued on page 13

Westside
Observer
Westside, IA
Circ. 1148
From Page:
13
2/5/2009
45333



Work continues at former Arcadia Country Store location to remove contamination

ARCADIA'S BIG DIG

Continued from page 3

Arcadia Limestone has been hauling the contaminated dirt to the landfill using a side dump truck, and the employees of Morris Excavation commented on the ease of coordination and cooperation they have experienced with Arcadia Limestone.

Barker Lamar engineering consultants have completed the on-site as well as off-site work to orchestrate the whole project. From soil testing to determining where and how deep to dig, they provide the information so that the project goes as smoothly as possible. The project manager is Darren Fife, the Senior Field Technician is Kris Sommer, and Jim Ball is the "newbie" Field Technician.

The team of consultants are truly concerned about the environment and getting the job done right. Sommer, for example, has a bachelor of science degree in environmental science.

The Barker Lamar website includes background on the country and its philosophy, and a term seen there is "environomics." They define it as, "striking a balance between free markets and green environments or, in other words, making environmental stewardship pay".

Sommer notes that they will be replacing the 2,400 tons of dirt taken from the site with sand that is compacted and then covered with two feet of dirt from the stock pile. Much of this stock pile was gathered from the side walls of the site.

According to the Iowa DNR website, the Arcadia Country Store site was given a Leak number on 01/23/1990 to be funded by the state.

Current property owner Tim Vogl of Arcadia last week that he didn't know the project was going to be getting underway until after they had started drilling. His understanding is that the state has a list of old gas station sites and has only so much money to do the excavation needed to take out the contaminants. Years ago, some of the contaminants were removed, but the work couldn't be completed because of the Country Store building at the site. Since he tore down the building, it provided better access so the project could be completed.

He was told that the backfill would be compacted, so it will be ready to build on when the project is complete.

The background of the "Big Dig" in Arcadia goes back to 1984, when the Resource Conservation Recovery Act was passed. The duties of implementing this legislation were assigned to the Environmental Protection Agency (EPA). In 1986 the EPA designated the duties to the state level.

In 1988 the Underground Storage Tank (UST) group was started in Iowa. Under Chapter 135, two branches of the UST group were established -- the first for regulating and oversight of non-problematic USTs and the second called Leakage of Underground Storage Tank (LUST). Suspected leakage at a regulated site comes under the LUST.

Fuels such as diesel and gasoline are regulated substances. They must be contained properly to prevent leakage and contamination of the surrounding soil and water. Soil samples are taken to determine if there is any contamination at a suspected site. If there is contamination, the site is monitored and put on a list for excavation to remove the contaminated soil.

Many factors determine the frequency of soil testing. Some of these factors include the type of soil, the depth of ground water, the type of contaminant, and the location of the site.

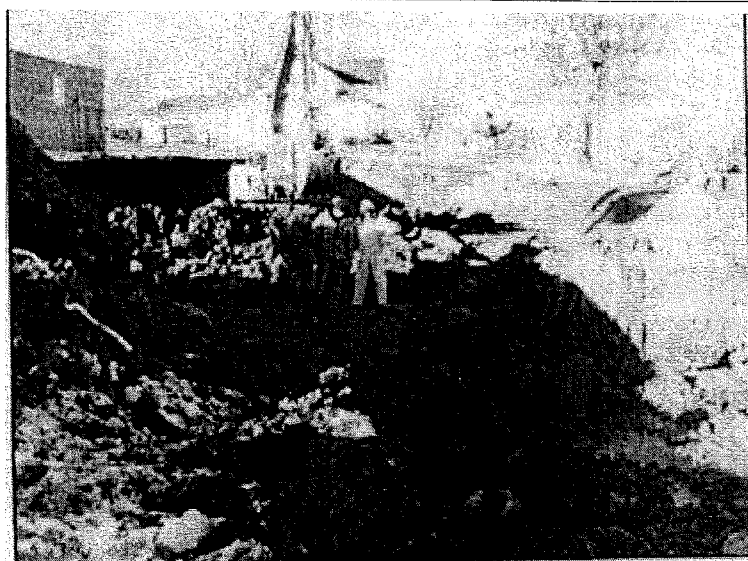
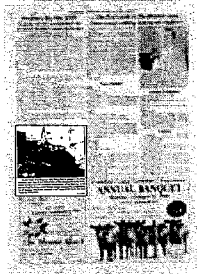
According to the Iowa DNR website, when the contaminated soil is removed the Iowa DNR may provide a "No Further Action Certificate following appropriate cleanup activities or other remedies which provides limited liability protection and may be recorded with the deed."

The funding for this type of cleanup starts with the one-cent per gallon gas environmental protection charge

(tax). That money then goes to the Road Use Fund, then to the UST fund, then to the IA Comprehensive Petroleum UST fund. This money is not part of the Department of Natural Resources' budget. The final funds to remove the contamination either come from private insurance or from the Iowa Comprehensive Petroleum UST fund. Bids are provided by contractors who do the actual hands-on work at the site location.



Westside
Observer
Westside, IA
Circ. 1148
From Page:
3
2/5/2009
45333



Jason Koch, Kris Sommer, and Doug Morris pause in the huge hole they have dug at the former site of the Arcadia Country Store. Koch and Morris work for Morris Excavation, while Sommer is the Senior Field Technician with Barker Lamar engineering consultants. As of Monday, they have removed 2,400 tons of dirt from the area. Photo by Ann Lander.



Only the "Country Stores" sign remained at the former convenience store location, but another remnant of the site's former use -- contaminated soil -- is now being removed by the DNR.





Westside
Observer
Westside, IA
Circ. 1148
From Page:
13
2/5/2009
45333



Jason Koch of Morris Excavation pauses near his track hoe before returning to work one afternoon last week. Over the past several weeks, 2,400 tons of dirt has been removed from the former Arcadia Country Store location, with work proceeding rather slowly because of the extreme cold and snowy conditions.

